

**VR RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2019**

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
VR Resources Ltd.

### *Opinion*

We have audited the accompanying consolidated financial statements of VR Resources Ltd. (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, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated 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 ("IFRS").

### *Basis for Opinion*

We conducted our audits 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 Consolidated 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 consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had an accumulated deficit of \$6,765,625 as at March 31, 2018. As stated in Note 1 these events and conditions 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

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 Erez Bahar.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

June 18, 2019

**VR RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at March 31  
(Expressed in Canadian Dollars)

	2019	2018
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 1,240,735	\$ 3,085,933
Receivables (Note 4)	18,924	17,582
Prepaid expenses	12,214	11,731
	<u>1,271,873</u>	<u>3,115,246</u>
<b>Equipment</b> (Note 5)	6,600	6,074
<b>Exploration and evaluation assets</b> (Note 6)	<u>5,301,948</u>	<u>3,354,614</u>
	<u>\$ 6,580,421</u>	<u>\$ 6,475,934</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 70,125	\$ 56,932
<b>Shareholders' equity</b>		
Share capital (Note 8)	11,496,905	10,679,559
Reserves (Note 8)	1,342,496	929,167
Deficit	(6,765,625)	(5,502,660)
Accumulated other comprehensive income	436,520	312,936
	<u>6,510,296</u>	<u>6,419,002</u>
	<u>\$ 6,580,421</u>	<u>\$ 6,475,934</u>

**Nature of operations and going concern** (Note 1)  
**Subsequent events** (Note 15)

**On behalf of the Board**  
**on June 18, 2019**

*"Michael Gunning"*

Director

*"Craig Lindsay"*

Director

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

**VR RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED MARCH 31**  
(Expressed in Canadian Dollars)

	2019	2018
<b>EXPENSES</b>		
Consulting fees (Note 10)	\$ 85,197	\$ 63,780
Depreciation (Note 5)	2,237	1,673
Foreign exchange loss (gain)	(80,190)	36,356
Investor relations and promotion	187,218	140,517
Impairment of exploration and evaluation assets (Note 6)	64,610	7,594
Office	45,087	32,497
Professional fees	70,399	96,395
Rent	43,327	24,122
Salaries (Note 10)	375,609	382,843
Share-based payments (Note 8(b))	442,397	116,933
Regulatory and transfer agent	27,725	62,809
Travel	22,424	15,990
	<u>(1,286,040)</u>	<u>(981,509)</u>
<b>OTHER</b>		
Interest income	23,075	15,548
<b>Loss for the year</b>	<u>(1,262,965)</u>	<u>(965,961)</u>
<b>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:</b>		
Translation adjustment	123,584	(12,750)
<b>Loss and comprehensive loss for the year</b>	<u>\$ (1,139,381)</u>	<u>\$ (978,711)</u>
<b>Loss per common share</b>		
-Basic and diluted	\$ (0.02)	\$ (0.03)
<b>Weighted average number of common shares outstanding</b>		
-Basic and diluted	47,155,675	36,092,157

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

**VR RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31**  
(Expressed in Canadian Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (1,262,965)	\$ (965,961)
Items not affecting cash:		
Share-based payments	442,397	116,933
Depreciation	2,237	1,673
Impairment of exploration and evaluation assets	64,610	7,594
Changes in non-cash working capital items:		
Receivables	(1,342)	31,831
Prepaid expenses	(483)	4,269
Accounts payable and accrued liabilities	5,286	(287,951)
Net cash used in operating activities	<u>(750,260)</u>	<u>(1,091,612)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from the issuance of shares	<u>733,278</u>	<u>1,879,460</u>
Net cash provided by financing activities	<u>733,278</u>	<u>1,879,460</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation expenditures	(1,825,453)	(1,854,738)
Equipment	(2,763)	(4,344)
Net cash used in investing activities	<u>(1,828,216)</u>	<u>(1,859,082)</u>
<b>Change in cash and cash equivalents during the year</b>	<b>(1,845,198)</b>	<b>(1,071,234)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>3,085,933</u></b>	<b><u>4,157,167</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 1,240,735</u></b>	<b><u>\$ 3,085,933</u></b>
<b>Cash paid during the year for:</b>		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

**Supplemental disclosure with respect to cash flows (Note 9)**

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

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**VR RESOURCES LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

	Share capital		Reserves	Deficit	Accumulated Other Comprehensive Income	Total
	Number of Shares	Amount				
Balance as at March 31, 2017	35,405,225	\$ 8,485,349	\$ 836,620	\$ (4,536,699)	\$ 325,686	\$ 5,110,956
Private placement	8,030,000	2,007,500	-	-	-	2,007,500
Share issue cost - Private placement	1,262,965	(29,176)	-	-	-	(29,176)
Options exercised	300,000	31,000	-	-	-	31,000
Finders' fee - cash	-	(20,500)	-	-	-	(20,500)
Property acquisition	550,000	181,000	-	-	-	181,000
Share-based payments	-	-	116,933	-	-	116,933
Recalssification of reserves on exercise of options	-	24,386	(24,386)	-	-	-
Translation adjustment	-	-	-	-	(12,750)	(12,750)
Loss for the year	-	-	-	(965,961)	-	(965,961)
<b>Balance as at March 31, 2018</b>	<b>45,548,190</b>	<b>\$ 10,679,559</b>	<b>\$ 929,167</b>	<b>\$ (5,502,660)</b>	<b>\$ 312,936</b>	<b>\$ 6,419,002</b>
Private placement	2,595,925	700,900	-	-	-	700,900
Share issue cost - Private placement	-	(30,455)	-	-	-	(30,455)
Options exercised	250,000	44,500	-	-	-	44,500
Warrants exercised	61,110	18,333	-	-	-	18,333
Property acquisition	200,000	55,000	-	-	-	55,000
Share-based payments	-	-	442,397	-	-	442,397
Recalssification of reserves on exercise of options	-	29,068	(29,068)	-	-	-
Translation adjustment	-	-	-	-	123,584	123,584
Loss for the year	-	-	-	(1,262,965)	-	(1,262,965)
<b>Balance as at March 31, 2019</b>	<b>48,655,225</b>	<b>\$ 11,496,905</b>	<b>\$ 1,342,496</b>	<b>\$ (6,765,625)</b>	<b>\$ 436,520</b>	<b>\$ 6,510,296</b>

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



**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 March 31, 2019, the Company had working capital of \$1,201,748 and an accumulated deficit of \$6,765,625. 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, realizing the carrying values of exploration and evaluation assets, and achieving future profitable operations.

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 consolidated 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 consolidated 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**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

**Basis of presentation**

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Basis of consolidation**

These consolidated financial statements represent the results of the Company and its wholly owned subsidiaries. Amounts are reported in Canadian dollars, unless otherwise indicated.

<b>Subsidiary</b>	<b>Location</b>	<b>Ownership Interest</b>
Renntiger Resources Ltd. (“Renntiger”)	Canada	100%
Renntiger Resources USA Ltd (“Renntiger USA”)	USA	100%

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in

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

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

The reporting currency of the Company is Canadian dollars. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and

Renntiger is the Canadian dollars ("CAD"), while the functional currency of Renntiger USA is the United States dollars ("USD"). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates ("IAS 21")*.

**Foreign currency transactions**

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency than the Company are translated to Canadian dollars at appropriate average rates of exchange during the period. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operations to Canadian dollars at period end are recognized in accumulated other comprehensive income as a translation adjustment.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit with banks and redeemable investment-grade short-term deposit certificates readily convertible into cash, and/or have maturities of three months or less from acquisition.

**Exploration and evaluation assets**

Exploration and evaluation assets include the costs of acquiring licenses, and costs associated with exploration and evaluation activity. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are expensed through profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability or (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 development assets within equipment.

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

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

**Decommissioning and Restoration Provisions**

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Decommissioning and restoration provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

Decommissioning and restoration provisions are recognized at the present value of management's best estimate of fair value of the expenditures required to settle the present obligation at the reporting date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion whereas increases/decreases due to changes in the estimated future cash flows are added to or deducted from the related asset. Actual costs incurred upon settlement of decommissioning and restoration provisions are charged against the provision to the extent the provisions were established.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably. Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Company did not have any decommissioning and restoration provisions for the periods presented.

**Impairment of long-lived assets**

At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

**Equipment**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

Depreciation is recorded over the estimated useful lives of the assets on a declining balance basis:

Computer equipment	30%
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An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

**Share capital**

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

**Financial instruments**

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVPL"), or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or

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

**Financial instruments (cont'd...)**

FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The Company has classified and measured its financial instruments as described below:

- Cash is classified as FVPL.
- Receivables are classified as and measured at amortized cost.
- Accounts payable and accrued liabilities are classified as and measured at amortized cost.

**Share-based payments**

The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in reserves. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model considering the terms and conditions upon which the options were granted. The Company annually revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to reserves.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services received.

**Income taxes**

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction

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

that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Critical accounting estimates and judgments**

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. Assumptions made relate to, but are not limited to, the following:

The information about significant areas of judgment considered by management in preparing these consolidated financial statements is as follows:

*Going concern*

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

The information about significant areas of estimation uncertainty considered by management in preparing these consolidated financial statements is as follows:

*Income taxes*

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, profit or loss and cash flows.

*Carrying value and recoverability of exploration and evaluation assets*

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves.

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

*Share-based payments*

Estimating the fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

**New accounting policy**

The Company has adopted new accounting standard IFRS 9 - Financial Instruments, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any significant changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date.

The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - Financial instruments: recognition and measurement. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value.

The Company continues to classify and measure its financial instruments at FVPL with changes in fair value recognized in profit or loss as they arise unless restrictive criteria regarding the objective and contractual cash flows of the instrument are met for classifying and measuring at either amortized cost or fair value through other comprehensive income.

Cash continues to be recorded at FVPL, and receivables, initially at FVPL, then subsequently recorded at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities are classified and measured as other financial liabilities, initially at FVPL, and subsequently at amortized cost using the effective interest rate method.

**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.

*Effective for annual periods beginning on or after January 1, 2019*

- New standard IFRS 16 - *Leases*

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. It is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

The Company has started evaluating the impact of the adoption of this standard and does not expect a significant impact from this standard on its consolidated financial statements.

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

- New Interpretation IFRIC 23 - *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company does not expect the adoption of this new standard to have a material impact on its consolidated financial statements.

**3. CASH AND CASH EQUIVALENTS**

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

	March 31, 2019	March 31, 2018
Cash held in CAD	\$ 55,100	\$ 2,790,779
Cash equivalents in CAD	500,000	-
Cash held in USD	17,485	295,154
Cash equivalents in USD	668,150	-
<b>Total</b>	<b>\$ 1,240,735</b>	<b>\$ 3,085,933</b>

**4. RECEIVABLES**

Receivables consist of GST receivable of \$4,546 (2018 - \$7,082), and other receivable of \$14,378 (2018 - \$10,500), relating to accrued interest on term deposits. 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 as at March 31, 2019 and 2018. Due to their short-term maturities, the fair value of receivables approximates their carrying value.

**5. EQUIPMENT**

	Computer Equipment
<b>Cost:</b>	
Balance at March 31, 2017	\$ 3,913
Additions	4,344
Balance at March 31, 2018	8,257
Additions	2,763
<b>Balance at March 31, 2019</b>	<b>\$ 11,020</b>
<b>Accumulated Depreciation:</b>	
Balance at March 31, 2017	\$ 510
Depreciation	1,673
Balance at March 31, 2018	2,183
Depreciation	2,237
<b>Balance at March 31, 2019</b>	<b>\$ 4,420</b>
<b>Net Book Value:</b>	
<b>Balance at March 31, 2018</b>	<b>\$ 6,074</b>
<b>Balance at March 31, 2019</b>	<b>\$ 6,600</b>



## **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.

### **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 year ended March 31, 2019, the Company incurred land administration and other costs amounting to \$7,680 (2018 - \$7,594) and accordingly wrote-off these costs as impairment of exploration and evaluation assets.

### **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.

### **c) Big Ten Project – Nevada, USA**

#### **Danbo Property**

The Company owns a 100% interest in certain unpatented mining claims located in Nye County, Nevada, USA. As consideration, the Company issued 1,500,000 common shares of the Company with a fair value of \$315,000, during the year ended March 31, 2017. The property is also 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. To acquire the Amsel 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 Company acquired the Clipper property by staking and comprises of 17 claims located approximately 4 km southeast along trend from the Danbo property.

#### **Rattlesnake Property**

The Company acquire the Rattlesnake property by staking and comprises 36 claims, adjoining the south and western boundary of the Danbo property.

**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 year end March 31, 2019. As a result, the Company wrote off cumulative costs incurred to date on the Big Creek property of \$56,930 as an impairment cost.

**e) Junction – 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. 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 during year ended March 31, 2018) 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, the Company staked additional 149 claims consisting of three contiguous claims.

**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) and will issue 100,000 common shares as follows:

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

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

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.

	<b>Big Creek</b>	<b>Ranoke</b>	<b>Bonita</b>	<b>Danbo</b>	<b>Junction</b>	<b>New Boston</b>	<b>Total</b>
<b>Acquisition costs</b>							
Balance, March 31, 2018	\$ 23,446	\$ -	\$ 1,247,359	\$ 6,131	\$ 84,087	\$ 76,576	\$ 1,437,599
Land administration	-	-	-	13,566	9,247	-	22,813
Staking fees	-	14,750	126,700	14,230	53,156	-	208,836
Shares issued	-	-	-	19,750	35,250	-	55,000
Translation adjustment	-	-	19,399	615	3,623	2,194	25,832
	-	14,750	146,099	48,161	101,276	2,194	312,482
Impairment	(23,446)	-	-	-	-	-	(23,446)
Balance, March 31, 2019	\$ -	\$ 14,750	\$ 1,393,458	\$ 54,292	\$ 185,362	\$ 78,770	\$ 1,726,633
<b>Deferred exploration costs</b>							
Balance, March 31, 2018	\$ 33,484	\$ -	\$ 1,810,756	\$ 25,390	\$ 47,385	\$ -	\$ 1,917,015
Drilling	-	-	678,992	-	313,761	-	992,753
Field	-	-	49,333	12,834	22,481	-	84,648
Geological	-	-	50,782	20,613	28,613	-	100,008
Geophysical	-	-	16,579	96,050	187,033	-	299,680
Geochemistry	-	-	33,482	6,234	25,624	-	65,340
Permitting	-	-	51,343	-	-	-	51,343
Translation adjustment	-	-	82,161	3,436	12,414	-	98,011
	-	-	962,690	139,169	589,926	-	1,891,783
Impairment	(33,484)	-	-	-	-	-	(33,484)
Balance, March 31, 2019	\$ -	\$ -	\$ 2,773,447	\$ 164,557	\$ 637,311	\$ -	\$ 3,608,799
<b>Balance, March 31, 2019</b>	<b>\$ -</b>	<b>\$ 14,750</b>	<b>\$ 4,166,905</b>	<b>\$ 218,849</b>	<b>\$ 822,674</b>	<b>\$ 78,770</b>	<b>\$ 5,301,948</b>

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

	<b>Big Creek</b>	<b>Bonita</b>	<b>Danbo</b>	<b>Junction</b>	<b>New Boston</b>	<b>Total</b>
<b>Acquisition costs</b>						
Balance, March 31, 2017	\$ -	\$ 942,724	\$ -	\$ -	\$ -	\$ 942,724
Land administration	-	42,329	6,103	24,115	-	72,547
Cash	-	-	-	12,835	12,835	25,670
Staking fees	23,339	122,573	-	30,576	47,215	223,703
Shares issued	-	148,500	-	16,250	16,250	181,000
Translation adjustment	107	(8,767)	28	311	276	(8,045)
	23,446	304,635	6,131	84,087	76,576	494,875
Balance, March 31, 2018	\$ 23,446	\$ 1,247,359	\$ 6,131	\$ 84,087	\$ 76,576	\$ 1,437,599
<b>Deferred exploration costs</b>						
Balance, March 31, 2017	\$ -	\$ 382,180	\$ 4,096	\$ -	\$ -	\$ 386,276
Assays	-	-	14,247	-	-	14,247
Drilling	-	1,010,475	-	-	-	1,010,475
Field	3,297	92,512	-	17,875	-	113,684
Geological	-	32,937	-	3,153	-	36,090
Geophysical	-	222,488	-	-	-	222,488
Geochemistry	30,034	75,213	7,074	26,139	-	138,460
Translation adjustment	153	(5,049)	(27)	218	-	(4,705)
	33,484	1,428,576	21,294	47,385	-	1,530,739
Balance, March 31, 2018	\$ 33,484	\$ 1,810,756	\$ 25,390	\$ 47,385	\$ -	\$ 1,917,015
<b>Balance, March 31, 2018</b>	<b>\$ 56,930</b>	<b>\$ 3,058,115</b>	<b>\$ 31,521</b>	<b>\$ 131,472</b>	<b>\$ 76,576</b>	<b>\$ 3,354,614</b>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2019	March 31, 2018
Trade payables	\$ 40,125	\$ 28,986
Accrued liabilities	30,000	27,946
	\$ 70,125	\$ 56,932

## **8. SHARE CAPITAL AND RESERVES**

Authorized – Unlimited common shares without par value

### **(a) Common shares issued**

#### During fiscal 2019:

- 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 \$670,445. 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.
- The Company issued 200,000 common shares for the acquisition of exploration and evaluation assets at a fair value of \$55,000.
- The Company had 250,000 options exercised for proceeds of \$44,500.
- The Company had 61,110 warrants exercised for proceeds of \$18,333.

#### During fiscal 2018:

- The Company issued 550,000 common shares for the acquisition of exploration and evaluation assets at a fair value of \$181,000.
- The Company completed a private placement of 8,030,000 units at a price of \$0.25 per share for gross proceeds of \$2,007,500, less a \$20,500 cash finder's fee, totalling net proceeds of \$1,987,000. 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 March 16, 2020. The Company also incurred additional cash share issuance costs of \$29,176, and this amount was recoded as an offset to share capital.

#### Escrow Shares:

- As at March 31, 2019, 2,231,950 (2018 – 4,463,900) common shares remained held in escrow and are subject to timed releases until March 2020.

### **(b) Stock options**

The Company has adopted 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 March 31, 2019, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

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**8. SHARE CAPITAL AND RESERVES (cont'd...)**

**(b) Stock options (cont'd...)**

Number of Shares	Exercise Price	Expiry Date	Weighted Average Life Remaining
105,000	\$0.30	March 21, 2027	7.98
1,790,000	\$0.30	March 21, 2027	7.98
250,000	\$0.30	May 16, 2027	8.13
1,350,000	\$0.30	April 13, 2028	9.04
200,000	\$0.35	July 6, 2028	9.27
40,000	\$0.25	October 2, 2028	9.52
<u>3,735,000</u>			<u>8.46</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
Cancelled	(400,000)	0.30
Exercised	(250,000)	0.18
As at March 31, 2019	3,735,000	\$ 0.30
<b>Number of options currently exercisable</b>	<b>3,735,000</b>	<b>\$ 0.30</b>

During the year ended March 31, 2019, the Company recognized share-based payments expense of \$442,397 (2018 - \$116,933), in connection with the vesting of stock options granted.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options modified and granted during the years ended March 31, 2019, and 2018:

	March 31, 2019	March 31, 2018
Risk-free interest rate	2.22%	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	\$ 0.26	\$ 0.30

**8. SHARE CAPITAL AND RESERVES (cont'd...)**

**(c) Warrants**

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

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
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
Warrants expired	(8,230,073)	\$ 0.57
Agents' warrants exercised	(61,110)	\$ 0.30
Warrants issued in private placement	1,297,963	\$ 0.40
As at March 31, 2019	5,312,963	\$ 0.40

The weighted average remaining contractual life of warrants outstanding at March 31, 2019, was 0.98 (2018 – 1.30) years.

Warrants outstanding are as follows:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
4,015,000	\$0.40	March 16, 2020
1,297,963	\$0.40	April 13, 2020
5,312,963		

**9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions during the year ended March 31, 2019, 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
- Accrued \$19,844 (March 31, 2018 - \$11,937) of exploration and evaluation assets in accounts payable and accrued liabilities.

Significant non-cash transactions during the year ended March 31, 2018, consisted of the following:

- Issued 550,000 common shares with a fair value of \$181,000 for the acquisition of exploration and evaluation assets; and
- Accrued \$11,937 (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 years ended March 31, was:

	2019	2018
<b>Short-term benefits paid or accrued:</b>		
Salary	\$ 192,000	\$ 192,000
Consulting fees	36,000	36,000
	<u>228,000</u>	<u>228,000</u>
<b>Share-based payments:</b>		
Share-based payments	259,980	-
	<u>259,980</u>	<u>-</u>
<b>Total remuneration</b>	<b>\$ 487,980</b>	<b>\$ 228,000</b>

During the year ended March 31, 2019, a company with common directors reimbursed the Company \$97,461 (2018 - \$54,428) for rent and other general and administrative expenses. As at March 31, 2019, the Company owed \$4,426 (2018 - \$10,301) to this company.

As at March 31, 2019, the Company owed \$7,050 to a director.

**11. SEGMENTED INFORMATION**

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

	March 31, 2019	March 31, 2018
Equipment - Canada	\$ 6,660	\$ 6,074
Exploration and evaluation assets - USA	\$ 5,301,948	\$ 3,354,614

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



### **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 counterparty'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, and in respect of the other receivable, were collected subsequent to March 31, 2019. The Company has deposited cash in high credit quality financial institutions and believes the credit risk with cash is remote.

##### *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 March 31, 2019, the Company had a cash balance of \$1,240,735 to settle current liabilities of \$70,125. 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 continue to meet ongoing obligations and further its exploration programs.

##### *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 of US\$13,085 and cash equivalents of US\$500,000 as of March 31, 2019 (Note 4). A 10% fluctuation in the USD against the CAD would result in a US\$51,309, or an approximate \$68,515 change in profit or loss for the year.

##### *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 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. INCOME TAXES**

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

	2019	2018
Loss for the year	\$ (1,262,965)	\$ (965,961)
Expected income recovery	\$ (341,000)	\$ (261,000)
Change in statutory tax, and foreign exchange rates	(3,000)	36,000
Permanent differences	135,000	28,000
Share issue costs	(13,000)	(13,000)
Change in unrecognized deductible temporary differences and other	222,000	210,000
Total income tax expense (recovery)	\$ -	\$ -

Significant components of deductible temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statements of financial position are as follows:

	March 31, 2019	Expiry dates	March 31, 2018	Expiry dates
Share issue costs	\$ 279,000	2040 to 2043	\$ 400,000	2039 to 2042
Exploration and evaluation assets	1,533,000	No expiry	1,461,000	No expiry
Non-capital losses	2,904,000	2025-2039	2,051,000	2025-2038
Equipment	4,000	No expiry	4,000	No expiry

Tax attributes are subject to review and potential adjustment by tax authorities.

**15. SUBSEQUENT EVENTS**

On May 10, 2019, the Company announced a non-brokered private placement of up to \$1,300,000. The non-brokered private placement will consist of up to 4.5 million flow-through (FT) common shares at a price of 15 cents per FT share for gross proceeds of \$675,000 and up to five million units at a price of 13 cents per unit for gross proceeds of \$650,000. Each unit consists of one common share and one-half of a share purchase warrant, with each whole warrant exercisable into a common share at 25 cents per warrant share expiring 18 months from closing. The company may pay a finder's fee on select proceeds raised and is subject to all regulatory approvals, including the approval of the TSX Venture Exchange.

On May 16, 2019, the Company announced the closing of the first tranche of the non-brokered private placement. The first tranche closing consists of 4,333,334 flow-through common shares issued at a price of 15 cents per flow-through common share for gross proceeds of \$650,000. The company paid cash finders fees of \$30,000 and issued 200,000 finder warrants exercisable at 25 cents per warrant share for a period of 18 months from the closing date.