



**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018**

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

**Pacific Empire Minerals Corp.**  
**211 - 850 West Hastings Street**  
**Vancouver, BC, V6C 1E1**

November 27, 2018

To the Shareholders of  
Pacific Empire Minerals Corp.

The accompanying unaudited condensed interim financial statements of Pacific Empire Minerals Corp. (the "Company") for the six months ended September 30, 2018 and 2017 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Yours truly,

"Brad Peters"

President and Chief Executive Officer

# PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Statements of Financial Position

Unaudited – Prepared by Management

<b>ASSETS</b>	<b>September 30, 2018</b>		<b>March 31, 2018</b>	
<b>Current</b>				
Cash	\$	658,221	\$	1,493,234
Receivables (Note 3)		171,420		62,174
Prepaid expenditures		49,703		14,531
Field Supplies		80,287		-
Marketable securities (Note 4)		19,081		1,711
<b>Total current assets</b>		<b>978,712</b>		<b>1,571,650</b>
<b>Non-current</b>				
Restricted cash (Note 5)		23,000		23,000
Equipment (Note 6)		363,422		166,558
Reclamation deposits (Note 7)		58,500		40,000
Exploration and evaluation assets (Note 8)		85,631		61,136
<b>Total non-current assets</b>		<b>530,553</b>		<b>290,694</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,509,265</b>	<b>\$</b>	<b>1,862,344</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$	90,289	\$	119,175
Due to related parties (Note 12)		20,160		22,236
<b>Total current liabilities</b>		<b>110,449</b>		<b>141,411</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital (Note 10)		3,488,407		3,276,122
Reserves		317,175		292,440
Deficit		(2,406,766)		(1,847,629)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,398,816</b>		<b>1,720,933</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$</b>	<b>1,509,265</b>	<b>\$</b>	<b>1,862,344</b>

## Nature of Operations and Ability to Continue as a Going Concern (Note 1)

These condensed interim financial statements were authorized for issuance by the Board of Directors on November 27, 2018.

### Approved on behalf of the Board of Directors

\_\_\_\_\_  
"Brad Peters", Director

\_\_\_\_\_  
"Larry Donaldson", Director

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

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Shareholders' Equity

Unaudited – Prepared by Management

	Number of common shares	Share capital	Reserves	Deficit	Total
<b>Balance as at March 31, 2017</b>	19,028,850	\$ 1,750,366	\$ 20,126	\$ (1,193,550)	\$ 576,942
Shares issued for cash	765,000	76,500	-	-	76,500
Share issuance costs - cash	-	(413)	-	-	(413)
Share - based compensation	-	-	101,684	-	101,684
Loss for the period	-	-	-	(357,569)	(357,569)
<b>Balance as at September 30, 2017</b>	19,793,850	\$ 1,826,453	\$ 121,810	\$ (1,551,119)	\$ 397,144
<b>Balance as at March 31, 2018</b>	29,793,850	\$ 3,276,122	\$ 292,440	\$ (1,847,629)	\$ 1,720,933
Shares issued for mineral properties	200,000	32,000	-	-	32,000
Share issued for cash	1,000,000	200,000	-	-	200,000
Share issue costs - cash	-	(14,493)	-	-	(14,493)
Share issue costs - warrants	-	(5,222)	5,222	-	-
Share - based compensation	-	-	19,513	-	19,513
Loss for the period	-	-	-	(559,137)	(559,137)
<b>Balance as at September 30, 2018</b>	30,993,850	\$ 3,488,407	\$ 317,175	\$ (2,406,766)	\$ 1,398,816

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

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Six Months Ended September 30, 2018	Six Months Ended September 30, 2017
<b>EXPLORATION EXPENDITURES (Note 9)</b>	\$ 211,718	\$ 42,558	\$ 343,904	\$ 182,587
Less: Recoveries (Note 9)	(68,792)	(38,277)	(88,414)	(46,239)
Net exploration expenditures	142,926	4,281	255,490	136,348
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Administrative and office	26,835	10,167	54,328	21,264
Amortization (Note 6)	585	770	9,103	1,540
Investor relations and shareholder communication	38,590	8,493	61,622	18,022
Management fees (Note 12)	30,000	8,700	60,000	17,400
Professional fees	8,505	1,818	21,422	17,330
Consulting fees (Note 12)	37,600	19,950	66,600	40,500
Share - based compensation (Note 12)	5,461	93,949	19,513	101,684
Travel	135	3,230	594	3,355
Total general and administrative expenses	147,711	147,077	293,182	221,095
<b>Loss from operations</b>	(290,637)	(151,358)	(548,672)	(357,443)
Option revenue (Note 8)	-	-	4,000	-
Foreign exchange loss	(952)	(617)	(1,387)	(781)
Interest income	-	-	552	421
Fair value adjustments on marketable securities	(13,008)	(388)	(13,630)	234
<b>Loss and comprehensive loss for the period</b>	\$ (304,597)	\$ (152,363)	\$ (559,137)	\$ (357,569)
<b>Basic and diluted loss per common share</b>	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>	30,993,850	19,793,850	30,851,773	19,684,482

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

# PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

<b>Six Months Ended</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
<b>Cash flows from operating activities</b>		
Loss for the period	\$ (559,137)	\$ (357,569)
Item not affecting operating activities:		
Interest income received	(552)	-
Items not affecting cash:		
Amortization	20,914	1,540
Fair value adjustments on marketable securities	13,630	(234)
Option revenue (Note 8)	(4,000)	-
Share - based compensation	19,513	101,684
Accrual for exploration tax credits	(88,414)	-
Changes in non-cash working capital items:		
Receivables	(20,832)	(28,173)
Prepaid expenses	(35,172)	(5,294)
Accounts payable and accrued liabilities	(29,629)	54,157
Due to related parties	(2,076)	(2,115)
Field Supplies	(80,287)	-
<b>Total cash used in operating activities</b>	<b>(766,042)</b>	<b>(236,004)</b>
<b>Cash flows from investing activities</b>		
Acquisition of exploration and evaluation assets	(19,495)	-
Interest received on cash and cash equivalents	552	-
Purchase of equipment	(217,778)	-
Deposits paid on equipment	-	(1,000)
Purchase of reclamation deposits	(18,500)	(13,000)
<b>Total cash used in investing activities</b>	<b>(255,221)</b>	<b>(14,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the sale of common shares	200,000	76,500
Share issuance costs	(13,750)	(413)
Deferred financing costs	-	(119,294)
<b>Total cash provided by (used) financing activities</b>	<b>186,250</b>	<b>(43,207)</b>
<b>Change in cash</b>	<b>(835,013)</b>	<b>(293,211)</b>
<b>Cash, beginning of the period</b>	<b>1,493,234</b>	<b>425,478</b>
<b>Cash, end of the period</b>	<b>\$ 658,221</b>	<b>\$ 132,267</b>

Supplemental disclosure with respect to cash flows (Note 15)

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

# **PACIFIC EMPIRE MINERALS CORP.**

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Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six Months Ended September 30, 2018 and 2017

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## **1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

Pacific Empire Minerals Corp. (the “Company” or “Pacific Empire”), was incorporated on July 13, 2012 under the Business Corporations Act (British Columbia). The Company’s principal business activities are the acquisition and exploration of mineral properties in Canada. The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “PEMC” and the OTCQB Venture Market Exchange under the symbol “PEMSF”. The Company’s head office address is at Suite 211, 850 West Hastings Street, Vancouver, British Columbia V6C 1E1, Canada and its registered and records office is located at Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9, Canada.

These condensed interim financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets, discharge its liabilities and continue in operation for the following twelve months.

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to find joint venture partners. At the date of these financial statements, the Company has not identified whether any of its properties contain ore reserves that are economically recoverable. At September 30, 2018, the Company has not achieved profitable operations and has accumulated losses since inception.

With its current plans for the next 12 months, management believes it will have sufficient working capital to meet its general and administrative expenses. For the budgets related to the acquisition and exploration of mineral properties, management believes that the Company will need additional working capital to fund these activities for the ensuing twelve months.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 using accounting policies consistent 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 Measurement and Presentation**

These financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars (“CAD”), which is also the Company’s functional currency.

### **Significant Accounting Policies**

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied in its annual audited financial statements and related note disclosures as at and for the year ended

## **PACIFIC EMPIRE MINERALS CORP.**

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Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six Months Ended September 30, 2018 and 2017

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

March 31, 2018, and do not include all the information required for full annual audited financial statements in accordance with IFRS.

It is suggested that these condensed interim financial statements be read in conjunction with the annual audited financial statements.

#### **Accounting Standards Adopted During the Period**

##### *Financial instruments*

Effective April 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company’s existing financial instruments on the transition date.

IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”) for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale.

Under IFRS 9, on initial recognition, financial assets are recognized at fair value and are subsequently classified and 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. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated, and instead the hybrid financial instrument as a whole is assessed for classification. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (loss). This election is made on an investment-by-investment basis.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

- a) Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- b) Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.



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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- c) Financial assets at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in other comprehensive income (loss) and are never reclassified to profit or loss.

Financial liabilities are designated as either fair value through profit or loss, or other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the consolidated statement of financial position at amortized cost.

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

	NEW (IFRS 9)	Original ( IAS 39)
<b>Financial Assets</b>		
Cash	Amortized cost	FVTPL
Restricted Cash	Amortized cost	FVTPL
Receivables	Amortized cost	Loans and receivables
Marketable securities	FVTPL	FVTPL
Reclamation Deposits	Amortized cost	Amortized cost
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities
Due to related parties	Amortized cost	Other financial liabilities

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's trade receivables.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Accounting Pronouncements not yet Effective

The following standard and pronouncement has been issued by the IASB and has not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standard is expected to have on its financial statements. On initial assessment, the Company does not expect any material reporting changes as a result of adopting the new standards, however, there may be enhanced disclosure requirements.

IFRS 16 Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

### 3. RECEIVABLES

As at September 30, 2018 and March 31, 2018, receivables consist of the following:

	September 30, 2018	March 31, 2018
Goods and services tax receivable	\$ 43,656	\$ 22,824
Mineral exploration tax credits	127,764	39,350
	\$ 171,420	\$ 62,174

Subsequent to September 30, 2018, the Company received \$13,825 related to GST, and \$52,085 related to the mineral exploration tax credit, including any refund interest.

### 4. MARKETABLE SECURITIES

As at September 30, 2018 and March 31, 2018, the Company had the following investments:

	September 30, 2018	March 31, 2018
<b>Fair value through profit or loss</b>		
Cost	\$ 27,200	\$ 18,200
Accumulated unrealized loss	(8,119)	(16,489)
<b>Fair value</b>	\$ 19,081	\$ 1,711

### 5. RESTRICTED CASH

At September 30, 2018, the Company classified \$23,000 (March 31, 2018 - \$23,000) as restricted cash. This amount is comprised of a GIC held as a deposit for its corporate credit cards.

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### 6. EQUIPMENT

During the six months ended September 30, 2018 depreciation of \$11,811 (2017 - \$Nil) has been included in exploration expenditures.

	Computer equipment and software		Field equipment	Vehicles and related equipment		Total		
<b>Cost</b>								
As at March 31, 2018	\$	16,862	\$	132,918	\$	26,959	\$	176,739
Additions		3,609		210,049		4,120		217,778
As at September 30, 2018		20,471		342,967		31,079		394,517
<b>Accumulated amortization</b>								
As at March 31, 2018		10,181		-		-		10,181
Additions		1,108		16,904		2,902		20,914
As at September 30, 2018	\$	11,289	\$	16,904	\$	2,902	\$	31,095
<b>Net book value</b>								
As at March 31, 2018	\$	6,681	\$	132,918	\$	26,959	\$	166,558
As at September 30, 2018	\$	9,182	\$	326,063	\$	28,177	\$	363,422

### 7. RECLAMATION DEPOSITS

Reclamation deposits are held as security towards future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the deposits will be returned to the Company. As at September 30, 2018, \$58,500 (March 31, 2018 - \$40,000) is being held as security on the Company's claims.

### 8. EXPLORATION AND EVALUATION ASSETS

Properties	September 30, 2018		Option payments received	Mineral titles and Option payments	March 31, 2018			
Pinnacle Reef	\$	9,423	\$	(22,000)	\$	-	\$	31,423
Hogem		1,635		-		-		1,635
Kitimat		8,339		-		-		8,339
Bull's Eye		1,438		-		1,438		-
Bulkley		4,192		-		4,192		-
Copper King		6,473		-		-		6,473
Moffat		7,157		-		7,157		-
Nub East		2,492		-		-		2,492
Red		2,300		-		-		2,300
Tak		1,914		-		-		1,914
Stars		-		(5,000)		-		5,000
Wasp		3,243		-		3,243		-
Wildcat		33,560		-		32,000		1,560
Plateau		3,465		-		3,465		-
	\$	85,631	\$	(27,000)	\$	51,495	\$	61,136

## **PACIFIC EMPIRE MINERALS CORP.**

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Notes to the Condensed Interim Financial Statements

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### **8. EXPLORATION AND EVALUATION ASSETS (continued)**

Changes during the six months ended September 30, 2018 include:

- Pursuant to an option agreement entered into in February 2017 with a private title holder to acquire a 100% interest in the Wildcat property, the Company issued 200,000 common shares valued at \$32,000;
- Pursuant to an option agreement on the Stars property entered into in November 2017 with ML Gold Corp. (“ML Gold”), the Company received 100,000 common shares of ML Gold valued at \$9,000, of which \$4,000 was allocated to option revenue;
- Pursuant to an option agreement entered into in July 2016 with ML Gold on the Pinnacle Reef property, the Company received 200,000 common shares of ML Gold valued at \$22,000;
- The Company acquired a 100% interest by staking the Bull’s Eye, Bulkley, and Wasp claims in the Skeena Mining Division of British Columbia; and
- The Company acquired a 100% interest by staking the Moffat and Plateau claims in the Cariboo Mining Division of British Columbia;

#### *STARS*

During the year ended March 31, 2018, the Company signed an option agreement with ML Gold for the Stars Project. ML Gold can earn up to a 30% interest in the 50% interest held by the Company. As consideration for the option, ML Gold will make aggregate cash payments in the amount of \$80,000 and issue a total of 600,000 common shares to the Company over a two-year period and will incur a minimum of \$4,500,000 in exploration expenditures on the Project over a three-year period as follows:

- Making an initial cash payment of \$10,000 (received) upon signing of the agreement and issuing to the Company 100,000 (received) common shares of ML Gold within 10 days of receiving TSX-V approval (Effective date -June 5, 2018);
- Making a cash payment of \$20,000, incurring \$500,000 (completed) in expenditures, and issuing to the Company 200,000 common shares by the first anniversary of the effective date;
- Making a cash payment of \$50,000, incurring \$1,000,000 in expenditures (\$1,500,000 cumulative), and issuing to the Company 300,000 common shares by the second anniversary of the effective date; and
- Incurring \$3,000,000 in expenditures (\$4,500,000 cumulative) by the third anniversary of the effective date;

The Company will have a carried interest in the Stars project until completion of a Pre-Feasibility Study, after which point a joint venture will commence.

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### **8. EXPLORATION AND EVALUATION ASSETS (continued)**

#### *PINNACLE REEF*

During the year ended March 31, 2017, the Company entered into an agreement with ML Gold, whereby the Company granted ML Gold the option to acquire up to a 70% interest in the Pinnacle Reef property. Pursuant to the agreement, ML Gold can earn an initial 51% interest in the property over a 4-year option term by completing \$2,000,000 in exploration expenditures on the property and issuing to the Company 1,000,000 common shares of ML Gold as follows:

- Incurring \$150,000 (incurred) in expenditures by the first anniversary of the TSX-V approval date;
- Incurring \$250,000 (incurred) in expenditures and issuing to the Company 200,000 common shares (received August 1, 2018) by the second anniversary of the TSX-V approval date;
- Incurring \$600,000 in expenditures and issuing to the Company 300,000 common shares by the third anniversary of the TSX-V approval date; and
- Incurring \$1,000,000 in expenditures and issuing to the Company 500,000 common shares by the fourth anniversary of the TSX-V approval date.

Upon completion of the 51% earn-in, ML Gold can earn an additional 19% interest in the property by issuing an additional 500,000 common shares to the Company and incurring a further \$3,000,000 in property expenditures within 2 years of the exercise of the option.

#### *WILDCAT*

The Company entered into an option agreement dated February 27, 2017 (“effective date”) with a private title holder (the “Wildcat Optionor”) to acquire a 100% interest in the Wildcat property. To earn its 100% interest, the Company must carry out certain exploration and issue 2,000,000 common shares to the Wildcat Optionor on or before the fourth anniversary of the effective date as follows:

- Issue 200,000 common shares (received) and carry out a minimum 10 km-line induced polarization survey on or before the first anniversary of the effective date;
- Issue 400,000 common shares and drill 1 reverse circulation or diamond drill hole on or before the second anniversary of the effective date;
- Issue 600,000 common shares on or before the third anniversary of the effective date; and
- Issue 800,000 common shares on or before the fourth anniversary of the effective date.

Upon exercise of the option, the Company will grant to the Wildcat Optionor a 2% NSR royalty subject to the Company’s right to purchase one half of the royalty from the Optionor for a period of 15 years following the completion of a mineral resource estimate prepared in accordance with NI 43-101 for a purchase price equal to:

- Purchase price = 0.0007 x Gold price per ounce x gold ounce-equivalent resource

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### 9. EXPLORATION EXPENDITURES

During the six months ended September 30, 2018, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Kitimat	Copper King	Red	Wildcat	Other*	Total
Administration Cost	\$ 462	\$ 83	\$ -	\$ 890	\$ 5,259	\$ 6,694
Amortization	3,380	2,439	999	3,044	1,949	11,811
Geophysics	5,872	-	-	-	9,100	14,972
Logistics	29,075	36,163	10,274	24,509	14,748	114,769
Personnel	41,756	25,016	13,956	51,492	19,093	151,313
Travel	17,881	7,286	3,859	8,670	6,649	44,345
Total Expenditures	98,426	70,987	29,088	88,605	56,798	343,904
Exploration tax credits**	(27,661)	(20,481)	(7,013)	(24,959)	(8,300)	(88,414)
Total Recoveries	(27,661)	(20,481)	(7,013)	(24,959)	(8,300)	(88,414)
Net Expenditures	\$ 70,765	\$ 50,506	\$ 22,075	\$ 63,646	\$ 48,498	\$ 255,490

\* Components of "Other" exploration expenditures for the six months ended September 30, 2018 were Bulkley - \$6,322; Bull's Eye - \$2,126; Moffat - \$22,781; Nub East - \$792; Pinnacle Reef - \$828; Stars - \$1,478; Wasp - \$2,283; and general target generation - \$20,188.

During the six months ended September 2017, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Pinnacle Reef	Copper King	Red	Wildcat	Other*	Total
Administration Cost	\$ 2,626	\$ -	\$ 90	\$ 28	\$ -	\$ 2,744
Geophysics	-	9,112	-	115,589	2,995	127,696
Logistics	87	2,500	296	2,371	5,036	10,290
Personnel	4,200	1,950	3,400	8,813	11,050	29,413
Travel	-	-	607	1,233	10,604	12,444
Total Expenditures	6,913	13,562	4,393	128,034	29,685	182,587
Expenditure recoveries	(1,940)	-	-	-	(3,900)	(5,840)
Exploration tax credits**	(433)	(2,182)	(606)	(24,384)	(12,794)	(40,399)
Total Recoveries	(2,373)	(2,182)	(606)	(24,384)	(16,694)	(46,239)
Net Expenditures	\$ 4,540	\$ 11,380	\$ 3,787	\$ 103,650	\$ 12,991	\$ 136,348

\* Components of "Other" exploration expenditures for the six months ended September 30, 2017 were Stars - \$6,137; Kitimat - \$1,581; Tak - \$1,415 and Nub East - \$150.

\*\* All of the Company's exploration activities are located in British Columbia, Canada. As such, the Company is eligible for the Mining Exploration Tax Credit on qualifying expenditures. The credit is 20% of the qualifying expenditures, and an enhanced 30% credit is available for expenditures incurred in Mountain Pine Beetle affected areas. Except for the Kitimat property, all the Company's projects are located in areas qualifying for the 30% enhanced credit. The Company has accrued a credit at the 30% qualifying rate on expected qualifying expenditures except for Kitimat which is accrued at 20%. Actual credits and refunds may differ from reported above.

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### **10. EQUITY**

#### **Authorized**

The Company is authorized to issue an unlimited number of common shares and preferred shares without par value.

#### **Share Capital**

No preferred shares have been issued from incorporation to September 30, 2018.

#### ***During the six months ended September 30, 2018:***

The Company completed a non-brokered private placement of 1,000,000 units of the Company at a price of \$0.20 per unit with each unit comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.30 per share for a period of 36 months until April 24, 2021. In consideration for arranging the private placement, the Company paid finder's fees of \$12,000 in cash and through the issuance of 60,000 finder's warrants valued at \$5,222. Each finder's warrant entitles the holder to purchase one common share in the capital of the Company at an exercise price of \$0.30 per share until April 24, 2021. The fair value of the finder's warrants issued as part of the private placement were estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 2.02%, dividend yield of 0%, volatility of 100% and an expected life of 3 years. The Company paid an additional \$2,493 in legal and regulatory costs related to the private placement.

Pursuant to an option agreement entered into in February 2017 with a private title holder to acquire a 100% interest in the Wildcat property, the Company issued 200,000 common shares valued at \$32,000 or \$0.16 per share. The common shares were value using the available market price on the issuance day (Note 7).

#### ***During the six months ended September 30, 2017:***

The Company completed private placements of \$76,500 through the issuance of 765,000 common shares at a price of \$0.10 per common share with two directors of the Company and one employee of Seaboard Services Corp., a consultant to the Company. The Company paid \$413 in share issue costs for filing fees and legal expenses in connection with the financings.

The Company signed an engagement letter and agency agreement with Haywood Securities in connection with the proposed IPO of securities of the Company and concurrent listing of the common shares of the Company on the TSX-V. On October 23, 2017, the Company filed and received a receipt for, a final long form prospectus with the securities commissions of each of British Columbia, Alberta, and Ontario. The IPO was for the aggregate gross proceeds of a minimum of \$1,500,000 through the sale of 7,500,000 units at \$0.20 per unit, and up to a maximum of \$2,000,000 through the sale of 10,000,000 units at \$0.20 per unit. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the purchase, subject to adjustment in certain circumstances, of one common share of the Company at a price of \$0.30 per share until the second anniversary of the completion of the IPO.

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### 10. EQUITY (continued)

#### Stock Option Plan

As at September 30, 2018, the Company had a stock option plan that allows the Board of Directors to grant incentive stock options to the Company's officers, directors, related company employees and consultants to purchase up to that number of common shares equal to 10% of its outstanding shares for a term of up to ten years. The exercise price of each option is to be not less than the fair market value of the Company's stock as determined by the Plan administrator. The vesting terms are determined at the time of the option grant.

During the six months ended September 30, 2018, the Company granted 225,000 incentive stock options to consultants of the Company pursuant to the Company's stock option plan. These options are exercisable at \$0.20 per share for a period of 3 years expiring on July 24, 2021.

During the six months ended September 30, 2017, the Company granted 1,250,000 incentive stock options to management, directors and consultants of the Company pursuant to the Company's stock option plan. These options are exercisable at \$0.20 per share for a period of 5 years expiring on June 23, 2022 and July 4, 2022.

The changes in stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at March 31, 2018	2,355,000	\$ 0.20
Granted	225,000	0.20
Expired	(10,000)	(0.20)
Balance, September 30, 2018	2,570,000	0.20
Number of options exercisable as at September 30, 2018	2,181,250	\$ 0.20

The following table summarizes the stock options outstanding and exercisable at September 30, 2018:

Date Granted	Number of		Exercise Price	Expiry Date
	Options	Exercisable		
May 27, 2015*	65,000	48,750	\$ 0.15	May 27, 2020
May 27, 2015*	240,000	180,000	0.20	May 27, 2020
June 7, 2016**	100,000	50,000	0.15	June 7, 2021
June 23, 2017***	1,090,000	1,090,000	0.20	June 23, 2022
July 4, 2017***	150,000	112,500	0.20	July 4, 2022
March 20, 2018 - Broker's Options****	700,000	700,000	0.20	March 20, 2021
July 24, 2018***	225,000	-	0.20	July 24, 2021
	2,570,000	2,181,250		

\* stock options vest 25% every year beginning one year after the date of grant.

\*\* stock options vest 25% every year beginning one year after the date of grant.

\*\*\* stock options vest 25% every quarter starting 3 months from date of grant.

\*\*\*\* Broker's options are exercisable into a unit, consisting of one common share and one common share purchase warrant.

The weighted average remaining life of the stock options exercisable is 3.09 years (March 31, 2018 – 3.60 years).



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### 10. EQUITY (continued)

#### Share-based Payments

For the six months ended September 30, 2018, the Company recorded share-based payment expense of \$19,513 (2017 - \$101,684), which represents the fair value of options vested during the period with the offsetting amount credited to reserves.

The weighted average fair value of the stock options granted during the six months ended September 30, 2018 was \$0.06 per stock option (2017 - \$0.14 per stock option). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of 2.13% (2017 – 1.21%), dividend yield of 0% (2017 – 0%), volatility of 100% (2017 - 100%), forfeiture rate of 0% (2017 – 0%) and an expected life of 3 years (2017 – 5 years).

#### Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2018	10,000,000	\$ 0.30
Granted	1,060,000	0.30
Balance, September 30, 2018	11,060,000	\$ 0.30

The following table summarizes the warrants outstanding and exercisable at September 30, 2018:

Date Granted	Number of Warrants	Exercise Price	Expiry Date
March 20, 2018 - IPO Warrants	10,000,000	\$ 0.30	March 20, 2021
April 24, 2018 Private Placement	1,000,000	\$ 0.30	April 24, 2021
April 24, 2018 Finders' Warrants	60,000	\$ 0.30	April 24, 2021

### 11. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition and exploration of mineral properties. As such, all of the Company's equipment and exploration and evaluation assets are located in Canada.

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### 12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into certain transactions with key management personnel, which the Company has defined as Officers and Directors of the Company. The aggregate value of these transactions and outstanding balances are as follows:

	Three Months Ended		Six Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
<u>Exploration expenditures</u>				
President*	\$ -	\$ 6,000	\$ 2,400	\$ 3,900
Vice President, Exploration*	24,800	6,600	48,600	19,800
<u>General and Administrative expenditures</u>				
President*	32,000	12,000	55,200	33,300
Vice President, Exploration*	5,600	1,500	11,400	7,200
Seabord Services Corp.**	30,000	8,700	60,000	17,400
<u>Share - based compensation</u>				
Management and directors	958	929	9,994	65,560
Seabord Services Corp.**	192	185	1,998	13,113
	\$ 93,550	\$ 35,914	\$ 189,592	\$ 160,273

Amounts due to related parties as of September 30, 2018 and March 31, 2018 are as follows:

Related party liabilities	Items or services	September 30, 2018	March 31, 2018
President	Management fees and reimbursable expenses	\$ 10,080	\$ 9,240
Vice President, Exploration	Management fees and reimbursable expenses	10,080	12,996
		\$ 20,160	\$ 22,236

\*BJP Consulting and Rory Ritchie Geological Consulting are controlled by Brad Peters, President and Chief Executive Officer, and Rory Ritchie, Vice-President, Exploration respectively.

\*\* Seabord Services Corp. ("Seabord") provides the following services: a Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

There were no changes to the Company's Board of Directors or management during the period ended September 30, 2018.

### 13. FINANCIAL AND CAPITAL RISK MANAGEMENT

#### Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, interest rate risk, and market risk.

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### **13. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

#### **Currency Risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Although the Company operates only in Canada and all expenditures are incurred in Canadian dollars, U.S. dollars are sometimes held by the Company. As at September 30, 2018, the Company did not hold a significant balance of U.S. dollars. Therefore, a change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar would have an immaterial effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

#### **Credit Risk**

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no concentration of credit risk other than on cash deposits and receivables. The Company's cash deposits are primarily held with a Canadian chartered bank. Further, receivables comprise amounts due from the federal government. Therefore, credit risk is considered low.

#### **Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at September 30, 2018, included \$90,289 of accounts payable and accrued liabilities, and \$20,160 in amounts due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### **Interest Rate Risk**

When the Company has sufficient cash, it will invest in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at September 30, 2018 and March 31, 2018, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

#### **Market risk**

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the September 30, 2018 value of marketable securities every 10% increase or decrease in the share prices of these companies would have an immaterial impact on income (loss) for the period before income taxes.

#### **Management of Capital**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after

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### 13. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

thirty days without interest penalty. There has been no change in approach to managing capital during the period ended September 30, 2018 and the Company believes with its current plans in place, it will have sufficient capital to fund its general and administrative functions but will need additional capital to meet its planned exploration expenditures for the next twelve months. The Company is not subject to externally imposed capital requirements.

### 14. FINANCIAL INSTRUMENTS BY CATEGORY

The Company classified its financial instruments as follows:

	September 30, 2018	March 31, 2018
<b>Financial assets</b>		
Amortized cost:		
Cash	\$ 658,221	\$ 1,493,234
Restricted Cash	23,000	23,000
Receivables	171,420	62,174
Reclamation Deposits	58,500	40,000
Fair value through profit or loss:		
Marketable securities	19,081	1,711
	<u>\$ 930,222</u>	<u>\$ 1,620,119</u>
<b>Financial liabilities</b>		
Amortized cost:		
Accounts payable and accrued liabilities	90,289	119,175
Due to related parties	\$ 20,160	\$ 22,236

### Fair Values

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments which are measured using the fair value hierarchy include marketable securities which are categorized as level 1.

The carrying values of cash, restricted cash, receivables, reclamation deposits, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

### 15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the six months ended September 30, 2018 included:

- Reduced mineral properties by \$5,000, and recorded option revenue of \$4,000 related to 100,000 common shares of ML Gold received pursuant to the Stars property agreement (Note 8);
- Reduced mineral properties by \$22,000 related to 200,000 common shares of ML Gold received pursuant to the Pinnacle Reef property agreement (Note 8);

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### **15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS** (continued)

- Recorded the issuance of 200,000 common shares valued at \$32,000 pursuant to the Wildcat property agreement (Note 8);
- Reclass of \$743 in share issue costs included in accounts payable and accrued liabilities as at March 31, 2018; and
- The recording of \$5,222 in capital stock and reserves related to the fair value of brokers warrants (Note 10).

There were no significant non-cash investing and financing transactions during the six months ended September 30, 2017.

There was no interest or tax paid during the six months ended September 30, 2018 and 2017.