PACIFIC EMPIRE
MINERALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2017

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

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

October 23, 2017

To the Shareholders of
Pacific Empire Minerals Corp.

The accompanying condensed interim financial statements of Pacific Empire Minerals Corp. for the three months ended June 30, 2017 and 2016 have been prepared by management of the Company and have been reviewed by the Company's external auditors.

Yours truly,

"Brad Peters"

Brad Peters
President

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)
Statements of Financial Position
Unaudited – Prepared by Management

ASSETS		June 30, 2017		March 31, 2017
Current				
Cash	$	279,050	$	425,478
Receivables (Note 3)		16,137		28,747
Marketable securities (Note 4)		2,955		2,333
Prepaid expenditures		15,529		-
Total current assets		313,671		456,558
Non-current				
Restricted cash (Note 5)		23,000		23,000
Prepaid equipment deposit (Note 6)		32,250		31,250
Equipment (Note 6)		7,610		8,380
Reclamation deposits (Note 7)		40,000		27,000
Exploration and evaluation assets (Note 8)		73,902		73,902
Deferred financing costs (Note 10)		60,061		20,000
Total non-current assets		236,823		183,532
TOTAL ASSETS	$	550,494	$	640,090
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 12)	$	94,936	$	63,148
Total current liabilities		94,936		63,148
SHAREHOLDERS' EQUITY				
Share Capital (Note 10)		1,826,453		1,750,366
Reserves		27,861		20,126
Deficit		(1,398,756)		(1,193,550)
TOTAL SHAREHOLDERS' EQUITY		455,558		576,942
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	550,494	$	640,090

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Event after the Reporting Date (Note 16)

These financial statements were authorized for issuance by the Board of Directors on October 23, 2017.

Approved on behalf of the Board of Directors

"Brad Peters" , Director   *"Rory Ritchie"* , 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 Loss and Comprehensive Loss
Unaudited – Prepared by Management

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
EXPLORATION EXPENDITURES (Note 9)	$ 140,029	$ 15,227
Less: Recoveries (Note 9)	(7,962)	-
Net exploration expenditures	132,067	15,227
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative and office	11,097	8,494
Amortization (Note 6)	770	439
Investor relations and shareholder communication	9,529	1,370
Management fees (Note 12)	8,700	8,700
Professional fees	15,512	6,848
Consulting fees (Note 12)	20,550	24,150
Share - based compensation (Note 10 & 12)	7,735	1,416
Travel	125	676
Total general and administrative expenses	74,018	52,093
Loss from operations	(206,085)	(67,320)
Foreign exchange loss	(164)	(364)
Interest income	421	347
Fair value adjustments on marketable securities	622	(933)
Loss and comprehensive loss for the period	$ (205,206)	$ (68,270)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	19,162,946	12,118,791

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

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
Cash flows from operating activities		
Loss for the period	$ (205,206)	$ (68,270)
Items not affecting cash:		
Amortization	770	439
Fair value adjustments on marketable securities	(622)	933
Share - based compensation	7,735	1,416
Changes in non-cash working capital items:		
Receivables	12,610	(3,139)
Prepaid expenditures	(15,529)	(5,402)
Accounts payable and accrued liabilities	31,788	(5,673)
Total cash used in operating activities	(168,454)	(79,696)
Cash flows from investing activities		
Acquisition of exploration and evaluation assets	-	(774)
Deposits paid on equipment	(1,000)	-
Purchase of reclamation deposits	(13,000)	-
Total cash used in investing activities	(14,000)	(774)
Cash flows from financing activities		
Proceeds from the sale of common shares	76,500	150,000
Share issuance costs	(413)	(4,887)
Deferred financing costs	(40,061)	-
Total cash provided by financing activities	36,026	145,113
Change in cash	(146,428)	64,643
Cash, beginning of the period	425,478	27,217
Cash, end of the period	$ 279,050	$ 91,860

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.

(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
Balance as at March 31, 2016	**11,410,000**	**$**	**1,005,653**	**$**	**12,267**	**$**	**(896,658)**	**$**	**121,262**
Shares issued for cash	1,500,000		150,000		-		-		150,000
Share issuance costs in cash	-		(4,887)		-		-		(4,887)
Share - based compensation	-		-		1,416		-		1,416
Loss for the period	-		-		-		(68,270)		(68,270)
Balance as at June 30, 2016	**12,910,000**	**$**	**1,150,766**	**$**	**13,683**	**$**	**(964,928)**	**$**	**199,521**
Balance as at March 31, 2017	**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 in cash	-		(413)		-		-		(413)
Share - based compensation	-		-		7,735		-		7,735
Loss for the period	-		-		-		(205,206)		(205,206)
Balance as at June 30, 2017	**19,793,850**	**$**	**1,826,453**	**$**	**27,861**	**$**	**(1,398,756)**	**$**	**455,558**

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

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 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 DuMoulin Black LLP, 10th Floor – 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada. The Company's principal business activities are the acquisition and exploration of mineral properties in 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 June 30, 2017, the Company has not achieved profitable operations and has accumulated losses since inception.

On March 3, 2017, as amended June 21, 2017, and August 21, 2017, the Company signed an engagement letter with Haywood Securities Inc. (the "Agent" or "Haywood") to act as lead agent and sole bookrunner in connection with the Company's proposed Initial Public Offering ("IPO") of securities of the Company and concurrent listing of the common shares of the Company on the TSX Venture Exchange ("TSX-V") (Note 10). The Company entered into an agency agreement with the Agent on October 23, 2017, pursuant to which the Agent has agreed to use commercially reasonable efforts to offer and sell the units on behalf of the Company in connection with the IPO. The Company filed a final prospectus in connection with the IPO on October 23, 2017.

With its current plans for the year and the budgets associated with those plans, management believes that the Company will have sufficient working capital to fund 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").

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied in its annual financial statements and related note disclosures as at and for the year ended March 31, 2017, and do not include all the information required for full annual financial statements in accordance with IFRS. It is suggested that these condensed interim financial statements be read in conjunction with annual audited financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Estimates and Critical Judgements

The preparation of these financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant Accounting Estimates

Significant accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Estimated useful lives of equipment</u>

The estimated useful lives of equipment, which is included in the statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

<u>Share-based compensation</u>

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and option life, changes in subjective input assumptions can materially affect the fair value estimate.

<u>Recovery of deferred tax assets</u>

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

Accounting Pronouncements not yet Effective

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its financial statements.

IFRS 9, Financial Instruments (“IFRS 9”), addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The new standard states that an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income or loss section of the entity’s statement of loss and comprehensive loss, rather than within profit or loss.

Additionally, IFRS 9 includes revised guidance related to derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases (“IFRS 16”) specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has an insignificant value. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

3. RECEIVABLES

The Company’s receivables arise from goods and services tax and mineral exploration tax credits from government taxation authorities.

4. MARKETABLE SECURITIES

As at June 30, 2017, the Company had the following investments:

	June 30, 2017	March 31, 2017
Fair value through profit or loss		
Cost	$ 18,200	$ 18,200
Accumulated unrealized loss	(15,245)	(15,867)
Fair value	$ 2,955	$ 2,333

5. RESTRICED CASH

At June 30, 2017, the Company classified $23,000 (March 31, 2017 - $23,000) as restricted cash. This amount is comprised of a GIC held as collateral for its corporate credit cards.

6. EQUIPMENT

	Software & equipment	Computer equipment	Total
Cost			
As at March 31, 2017 and June 30, 2017	$ 13,060	$ 2,348	$ 15,408
Accumulated amortization			
As at March 31, 2017	7,028	-	7,028
Amortization	653	117	770
As at June 30, 2017	$ 7,681	$ 117	$ 7,798
Net book value			
As at March 31, 2017	$ 6,032	$ 2,348	$ 8,380
As at June 30, 2017	$ 5,379	$ 2,231	$ 7,610

As at June 30, 2017, non-current prepaid expenditures of $32,250 (March 31, 2017 - $31,250) related to a deposit paid towards the purchase of new exploration equipment. Completion of the purchases is expected to conclude during the year ended March 31, 2018.

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 June 30, 2017, $25,000 (March 31, 2017 - $25,000) was held as security on the Pinnacle Reef projects, and $15,000 (March 31, 2017 - $2,000) is being held as security on the Red, Copper King and Wildcat projects respectively.

8. EXPLORATION AND EVALUATION ASSETS

Properties	**June 30, 2017**	**March 31, 2017**
Pinnacle Reef	$ 31,423	$ 31,423
Hogem	1,635	1,635
Kitimat	8,339	8,339
Copper King	6,473	6,473
Majazz	2,766	2,766
Nub East	2,492	2,492
Red	2,300	2,300
Tak	1,914	1,914
Copper Star	15,000	15,000
Wildcat	1,560	1,560
Total	**$ 73,902**	**$ 73,902**

There were no changes to the Company's projects during the three months ended June 30, 2017.

9. EXPLORATION EXPENDITURES

During the three months ended June 30, 2017, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Pinnacle Reef	**Copper King**	**Red**	**Wildcat**	**Other***	**Total**
Administration Cost	$ -	$ -	$ 90	$ 28	$ -	$ 118
Assays	-	-	-	495	81	576
Logistics	821	-	607	116,327	-	117,755
Personnel	4,200	1,950	3,400	8,550	750	18,850
Travel	41	-	296	2,393	-	2,730
Total Expenditures	5,062	1,950	4,393	127,793	831	140,029
Exploration tax credit refund	-	-	-	-	(7,962)	(7,962)
Net Expenditures	$ 5,062	$ 1,950	$ 4,393	$ 127,793	$ (7,131)	$ 132,067

* Components of "Other" exploration expenditures for the three months ended June 30, 2017 were Kitimat - $381; Hogem - $300 and Nub East- $150.

During the three months ended June 30, 2016, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Pinnacle Reef	**Copper King**	**Red**	**Kitimat**	**Kirby Gold**	**Total**
Logistics	$ 47	$ -	$ -	$ -	$ -	$ 47
Personnel	2,550	1,200	3,900	6,450	150	14,250
Travel	177	-	-	753	-	930
Net Expenditures	$ 2,774	$ 1,200	$ 3,900	$ 7,203	$ 150	$ 15,227

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 June 30, 2017.

During the three months ended June 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 Seabord 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 has signed an engagement letter dated March 3, 2017, as amended June 21, 2017, and August 21, 2017, with Haywood to act as lead agent and sole bookrunner 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. The Company entered into an agency agreement with the Agent on October 23, 2017, pursuant to which the Agent has agreed to use commercially reasonable efforts to offer and sell the units on behalf of the Company in connection with the IPO. The Company filed a final prospectus in connection with the IPO on October 23, 2017. The IPO seeks 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 will consist of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle 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. The definitive size of the IPO will be determined by Haywood and the Company prior to closing of the IPO.

The Company estimates the costs of the IPO will be between $355,000 and $390,000. This includes a cash commission of 7% of gross proceeds to be paid to Haywood, a corporate finance fee of $25,000, and other costs estimated at $225,000. As at June 30, 2017, the Company has prepaid $20,000 to Haywood and $2,500 to the TSX Venture Exchange as an advance against the corporate finance fees; and $37,561 to DuMoulin Black and Northwest Law Group for legal services and anticipated legal expenses.

During the three months ended June 30, 2016:

The Company completed private placements of $150,000 through the issuance of 1,500,000 common shares at a price of $0.10 per common share. The Company paid $4,887 in share issue costs for filing fees and legal expenses in connection with the financings.

Stock Option Plan

As at June 30, 2017, 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.

10. EQUITY (Continued)

On August 25, 2017, the Board of Directors approved a new stock option plan to replace its existing stock option plan for the purpose of complying with TSX-V requirements in connection with the IPO. Under the new stock option plan, among other things, options granted to investor relations personnel vest in accordance with TSX-V regulations.

During the three months ended June 30, 2017, the Company granted 1,100,000 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.

The changes in stock options outstanding are as follows:

	Number	Weigted Average Exercise Price
Balance as at March 31, 2014 and 2015	-	$ -
Granted	325,000	0.15
Cancelled and expired unexercised	(20,000)	0.15
Balance as at March 31, 2016	305,000	0.15
Granted	100,000	0.15
Balance as at March 31, 2017	405,000	0.15
Granted	1,100,000	0.20
Balance as at June 30, 2017	1,505,000	0.19
Number of options exercisable as at June 30, 2017	177,500	$ 0.15

The following table summarizes the stock options outstanding and exercisable at June 30, 2017:

Date Granted	Number of Options	Exercisable	Exercise Price $	Expiry Date
May 27, 2015*	305,000	152,500	$ 0.15	May 27, 2020
June 7, 2016**	100,000	25,000	$ 0.15	June 7, 2021
June 23, 2017***	1,100,000	-	$ 0.20	June 23, 2022

* stock options vest 25% every year beginning one year after the date of grant. Subsequent to June 30, 2017, and prior to the planned IPO, the exercise price for 240,000 options granted to officers of the Company was increased to $0.20 per common share.
** stock options vest 25% every year beginning one year after the date of grant.
*** stock options vest 25% every quarter beginning three months after the date of grant.

The weighted average remaining life of the stock options exercisable is 4.49 years (2016 – 4.16 years).

Share-based Payments

For the three months ended, the Company recorded share-based payment expense of $7,735 (2016 - $1,416), which represents the fair value of options vested during the period with the offsetting amount credited to reserves.

10. EQUITY (Continued)

The weighted average fair value of the stock options granted during the three months ended June 30, 2017 was $0.15 per stock option (2016 - $0.07 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 1.56% (2016 – 0.63%), dividend yield of 0% (2016 – 0%), volatility of 100% (2016 - 100%), forfeiture rate of 0% (2016 – 0%) and an expected life of 5 years (2016 – 5 years).

Warrants

There were no warrants outstanding at any point during the three months ended June 30, 2017 and 2016.

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.

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 June 30, 2017	Three months ended June 30, 2016
Consultant fees		
Management and directors	$ 20,550	$ 24,150
Management fees		
Seabord Services Corp.*	8,700	8,700
Share - based compensation		
Management and directors	5,234	929
Seabord Services Corp.*	692	186
	$ 35,176	$ 33,965

Amounts due to related parties as of June 30, 2017 and March 31, 2017 are as follows:

Related party liabilities	Items or services	June 30, 2017	March 31, 2017
President	Management fees and reimbursable expenses	$ -	$ 7,245
Vice President, Exploration	Management fees and reimbursable expenses	-	9,360
		$ -	$ 16,605

* 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.

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 and interest rate risk.

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, significant U.S. dollars are sometimes held by the Company. Therefore, a significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at June 30, 2017 the Company held $7,335 in U.S. dollars. Based on this net exposure and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of approximately $700 in the Company's pre-tax loss based on a June 30, 2017 exchange rate of $1 U.S dollar to $1.29818 Canadian dollars.

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 June 30, 2017, included $94,936 of accounts payable and accrued liabilities. 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 June 30, 2017 and 2016, 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 June 30, 2017 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted income (loss) for the period, up or down, by approximately $300 (March 31, 2017 - $200) before income taxes.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

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

thirty days without interest penalty. There has been no change in approach to managing capital in the past twelve months and the Company believes with its current plans in place, including the IPO, it will have sufficient capital to fund its administrative and exploration expenditures for the next twelve months.

14. FINANCIAL INSTRUMENTS BY CATEGORY

Fair Values

The Company's financial instruments consist of cash, receivables, marketable securities, restricted cash, reclamation deposits and accounts payable and accrued liabilities. The Company recognizes cash at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

As at June 30, 2017 and March 31, 2017, the Company has made the following classifications for its financial instruments:

As at June 30, 2017	Fair value through profit or loss	Other financial liabilities	Total
Cash	$ 279,050	$ -	$ 279,050
Restricted cash	23,000	-	23,000
Marketable securities	2,955	-	2,955
Accounts payable and acrrued liabilities	-	(94,936)	(94,936)
Total	$ 305,005	$ (94,936)	$ 210,069

As at March 31, 2017	Fair value through profit or loss	Other financial liabilities	Total
Cash	$ 425,478	$ -	$ 425,478
Restricted cash	23,000	-	23,000
Marketable securities	2,333	-	2,333
Accounts payable and acrrued liabilities	-	(63,148)	(63,148)
Total	$ 450,811	$ (63,148)	$ 387,663

Reclamation deposits are classified as financial assets held-to-maturity.

14. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
b) 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).
c) 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 receivables, 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

There were no significant non-cash investing and financing transactions during the three months ended June 30, 2017 and 2016.

16. EVENT AFTER THE REPORTING DATE

Subsequent to June 30, 2017, pursuant to an advisory agreement, the Company granted stock options to a consultant to purchase 150,000 common shares of the Company at $0.20 per share for 5 years, expiring on July 4, 2022.