PACIFIC EMPIRE

MINERALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

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

February 26, 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 nine months ended December 31, 2017 and 2016 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

ASSETS		December 31, 2017		March 31, 2017
Current				
Cash	$	41,246	$	425,478
Receivables (Note 3)		63,975		28,747
Marketable securities (Note 4)		1,867		2,333
Prepaid expenditures		3,139		-
Total current assets		110,227		456,558
Non-current				
Restricted cash (Note 5)		23,000		23,000
Prepaid equipment deposits (Note 6)		32,250		31,250
Equipment (Note 6)		7,524		8,380
Reclamation deposits (Note 7)		40,000		27,000
Exploration and evaluation assets (Note 8)		73,902		73,902
Deferred share issue costs (Note 10)		183,794		20,000
Total non-current assets		360,470		183,532
TOTAL ASSETS	$	470,697	$	640,090
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	138,939	$	46,543
Due to related parties (Note 12)		15,435		16,605
Total current liabilities		154,374		63,148
SHAREHOLDERS' EQUITY				
Share Capital (Note 10)		1,826,453		1,740,366
Commitment to issue shares (Note 10)		-		10,000
Reserves		175,193		20,126
Deficit		(1,685,323)		(1,193,550)
TOTAL SHAREHOLDERS' EQUITY		316,323		576,942
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	470,697	$	640,090

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

These condensed interim financial statements were authorized for issuance by the Board of Directors on February 26, 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		Commitment to issue shares		Reserves		Deficit		Total
Balance as at March 31, 2016	**11,410,000**	**$**	**1,005,653**	**$**	**-**	**$**	**12,267**	**$**	**(896,658)**	**$**	**121,262**
Shares issued for cash	1,500,000		150,000		10,000		-		-		160,000
Share issuance costs in cash	-		(8,728)		-		-		-		(8,728)
Share - based compensation	-		-		-		5,437		-		5,437
Loss for the period	-		-		-		-		(172,740)		(172,740)
Balance as at December 31, 2016	**12,910,000**	**$**	**1,146,925**	**$**	**10,000**	**$**	**17,704**	**$**	**(1,069,398)**	**$**	**105,231**
Balance as at March 31, 2017	**19,028,850**	**$**	**1,750,366**	**$**	**-**	**$**	**20,126**	**$**	**(1,193,550)**	**$**	**576,942**
Shares issued for cash	765,000		76,500		-		-		-		76,500
Share issuance costs in cash	-		(413)		-		-		-		(413)
Share - based compensation	-		-		-		155,067		-		155,067
Loss for the period	-		-		-		-		(491,773)		(491,773)
Balance as at December 31, 2017	**19,793,850**	**$**	**1,826,453**	**$**	**-**	**$**	**175,193**	**$**	**(1,685,323)**	**$**	**316,323**

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 December 31, 2017	Three Months Ended December 31, 2016	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2016
EXPLORATION EXPENDITURES (Note 9)	$ 18,303	$ 8,234	$ 200,890	$ 37,506
Less: Recoveries (Note 9)	(7,915)	-	(54,154)	-
Net exploration expenditures	10,388	8,234	146,736	37,506
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative and office	10,139	8,185	31,403	26,378
Amortization (Note 6)	770	439	2,310	1,318
Investor relations and shareholder communication	12,014	320	30,036	1,690
Management fees (Note 12)	8,700	8,700	26,100	26,100
Professional fees	10,000	3,956	27,330	14,581
Consulting fees (Note 12)	27,900	19,200	68,400	56,850
Share - based compensation (Notes 10 & 12)	53,383	1,416	155,067	5,437
Travel	254	8	3,609	708
Total general and administrative expenses	123,160	42,224	344,255	133,062
Loss from operations	(133,548)	(50,458)	(490,991)	(170,568)
Foreign exchange gain (loss)	44	-	(737)	(341)
Interest income	-	-	421	347
Fair value adjustments on marketable securities	(700)	(1,556)	(466)	(2,178)
Loss and comprehensive loss for the period	$ (134,204)	$ (52,014)	$ (491,773)	$ (172,740)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding (basic and diluted)	19,793,850	12,910,000	19,721,204	12,663,650

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

		Nine Months Ended December 31, 2017		Nine Months Ended December 31, 2016
Cash flows from operating activities				
Loss for the period	$	(491,773)	$	(172,740)
Items not affecting cash:				
Amortization		2,310		1,318
Fair value adjustments on marketable securities		466		2,178
Share - based compensation		155,067		5,437
Changes in non-cash working capital items:				
Receivables		(35,228)		(7,894)
Prepaid expenditures		(3,139)		(2,276)
Accounts payable and accrued liabilities		27,896		(4,825)
Due to related parties		(1,170)		16,965
Total cash used in operating activities		(345,571)		(161,837)
Cash flows from investing activities				
Acquisition of exploration and evaluation assets		-		(2,816)
Purchase of equipment		(1,454)		-
Deposits paid on equipment		(1,000)		-
Purchase of reclamation deposits		(13,000)		-
Total cash used in investing activities		(15,454)		(2,816)
Cash flows from financing activities				
Proceeds from the sale of common shares		76,500		150,000
Commitment to issue shares		-		10,000
Share issuance costs		(413)		(8,728)
Deferred share issue costs		(99,294)		-
Total cash provided by (used in) financing activities		(23,207)		151,272
Change in cash		(384,232)		(13,381)
Cash, beginning of the period		425,478		27,217
Cash, end of the period	$	41,246	$	13,836

Supplemental disclosure with respect to cash flows (Note 15)

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 December 31, 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, amended January 10, 2018, 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. On January 10, 2018, the Company filed and received a receipt for, an amended and restated final long form prospectus (the "Amended Prospectus"), which amended the Company's final long form prospectus dated October 23, 2017 (the "Prospectus"), with the securities commissions of each of British Columbia, Alberta, and Ontario in connection with its IPO of units of the Company. The Company became a reporting issuer on October 23, 2017.

With its current plans for the next 12 months, including the IPO, 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 audited financial statements and related note disclosures as at and for the year ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

March 31, 2017, 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.

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.

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. 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 9 Financial Instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 Financial Instruments: Recognition and Measurement requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018.

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 December 31, 2017 and March 31, 2017, receivables consist of the following:

	December 31, 2017	March 31, 2017
Goods and services tax receivable	$ 30,716	$ 28,747
Mineral exploration tax credits	33,259	-
Receivables	$ 63,975	$ 28,747

4. MARKETABLE SECURITIES

As at December 31, 2017, the Company had the following investments:

	December 31, 2017	March 31, 2017
Fair value through profit or loss		
Cost	$ 18,200	$ 18,200
Accumulated unrealized loss	(16,333)	(15,867)
Fair value	$ 1,867	$ 2,333

5. RESTRICED CASH

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

6. EQUIPMENT

	Software & equipment	Computer equipment	Total
Cost			
As at March 31, 2017	$ 13,060	$ 2,348	$ 15,408
Additions	-	1,454	1,454
As at December 31, 2017	13,060	3,802	16,862
Accumulated amortization			
As at March 31, 2017	7,028	-	7,028
Amortization	1,959	351	2,310
As at December 31, 2017	$ 8,987	$ 351	$ 9,338
Net book value			
As at March 31, 2017	$ 6,032	$ 2,348	$ 8,380
As at December 31, 2017	$ 4,073	$ 3,451	$ 7,524

As at December 31, 2017, the Company has paid deposits totalling $32,250 (March 31, 2017 - $31,250) towards the purchase of new exploration equipment with an estimated total cost of $145,000. Completion of the purchases is expected to conclude upon completion of the IPO (Note 10).

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 Company can request the deposits to be returned to the Company. As at December 31, 2017, $25,000 (March 31, 2017 - $25,000) was held as security on the Pinnacle Reef project, and $15,000 (March 31, 2017 - $2,000) is being held as security on the Red, Copper King and Wildcat projects. Management has determined that the Company has no material reclamation work related to the properties requiring the deposits.

8. EXPLORATION AND EVALUATION ASSETS

Properties	December 31, 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
Stars (formerly Copper Star)	15,000	15,000
Wildcat	1,560	1,560
Total	**$ 73,902**	**$ 73,902**

On November 20, 2017, the Company signed an option agreement with ML Gold Corp. (“ML Gold”) for the Stars Project. ML Gold can earn up to a 30% interest in the Project in which PEMC currently holds a 50% interest. 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. PEMC will have a carried interest in the Project until completion of a Pre-Feasibility Study, after which point a Joint Venture will commence.

9. EXPLORATION EXPENDITURES

During the nine months ended December 31, 2017, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Pinnacle Reef	Copper King	Stars	Wildcat	Hogem	Other*	Total
Administration	$ 2,626	$ -	$ -	$ 28	$ -	$ 88	$ 2,742
Assays	-	-	-	495	-	429	924
Geophysics	1,500	9,112	-	115,094	7,266	1,415	134,387
Logistics	84	2,500	962	2,371	4,077	2,429	12,423
Personnel	4,200	2,700	7,250	8,813	6,200	10,350	39,513
Travel	-	-	3,219	1,233	1,813	4,636	10,901
Total Expenditures	8,410	14,312	11,431	128,034	19,356	19,347	200,890
Expenditure recoveries	(1,940)	-	-	-	-	(3,900)	(5,840)
Exploration tax credits	(433)	(2,182)	(1,183)	(24,384)	(3,051)	(17,081)	(48,314)
Net Expenditures	$ 6,037	$ 12,130	$ 10,248	$ 103,650	$ 16,305	$ (1,634)	$ 146,736

* Components of “Other” exploration expenditures for the nine months ended December 31, 2017 were Red - $5,144; Kitimat - $8,070; Tak Property - $2,267; Nub East- $827; and general target generation - $3,039.

9. EXPLORATION EXPENDITURES (Continued)

During the nine months ended December 31, 2016, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Pinnacle Reef	Copper King	Red	Kitimat	Kirby Gold	Other*	Total
Assays	$ 141	$ -	$ -	$ -	$ -	$ -	$ 141
Logistics	90	-	278	509	-	637	1,514
Personnel	13,350	1,500	5,400	11,856	150	894	33,150
Travel	609	-	162	1,930	-	-	2,701
Net Expenditures	$ 14,190	$ 1,500	$ 5,840	$ 14,295	$ 150	$ 1,531	$ 37,506

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 December 31, 2017.

During the nine months ended December 31, 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, and amended January 10, 2018, 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 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 common share purchase warrant. Each warrant will entitle the purchaser, subject to adjustment in certain circumstances, to one common share of the Company at a price of $0.30 per share until the third 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. On January 10, 2018, the Company filed and received a receipt for, its Amended Prospectus, which amended the Company's Prospectus dated October 23, 2017, with the securities commissions of each of British Columbia, Alberta, and Ontario.

The Company estimates the costs of the IPO will be between $325,000 and $360,000. 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 $195,000. As at December 31, 2017, the Company has prepaid $20,000 to Haywood and $15,000 to the TSX Venture Exchange as an advance against the corporate finance fees; and paid or accrued $148,794 for legal and other professional services and anticipated legal and professional expenses.

10. EQUITY (Continued)

During the nine months ended December 31, 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 $8,728 in share issue costs for filing fees and legal expenses in connection with the financings. The Company also received $10,000 for 100,000 common shares for a private placement closed in January 2017. The $10,000 was recorded as a commitment to issue shares.

Stock Option Plan

As at December 31, 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.

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 nine months ended December 31, 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	Weighted Average Exercise Price
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	1,250,000	0.20
Balance as at December 31, 2017	1,655,000	$ 0.20
Number of options exercisable as at December 31, 2017	765,000	$ 0.20

The following table summarizes the stock options outstanding and exercisable at December 31, 2017:

Date Granted	Number of Options	Exercisable	Exercise Price $	Expiry Date
May 27, 2015*	65,000	32,500	$ 0.15	May 27, 2020
May 27, 2015*	240,000	120,000	$ 0.20	May 27, 2020
June 7, 2016**	100,000	25,000	$ 0.15	June 7, 2021
June 23, 2017***	1,100,000	550,000	$ 0.20	June 23, 2022
July 4, 2017***	150,000	37,500	$ 0.20	July 4, 2022
	1,655,000	765,000		

* 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 beginning three months after the date of grant.

The weighted average remaining life of the stock options exercisable is 4.03 years (March 31, 2017 – 4.16 years).

10. EQUITY (Continued)

Share-based Payments

For the nine months ended December 31, 2017, the Company recorded share-based payment expense of $155,067 (2016 - $5,437), which represents the fair value of options vested during the period with the offsetting amount credited to reserves.

On August 21, 2017, 240,000 options granted to officers of the Company were modified. The exercise price per option was increased from $0.15 per share to $0.20 per share in connection with the planned IPO. There was no change to the vesting terms of the options, or the expiry date of May 27, 2020. The incremental fair value of the modification, using the Black-Scholes option pricing model, was calculated to be $12,474, of which $4,229 was included in share-based compensation expense for options vested during the period with the offsetting amount credited to reserves.

The weighted average fair value of the stock options granted and modified during the nine months ended December 31, 2017 was $0.14 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 1.21% (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 4.68 years (2016 – 5 years).

Warrants

There were no warrants outstanding at any point during the nine months ended December 31, 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:

	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Exploration expenditures		
President*	$ 5,100	$ 12,150
Vice President, Exploration*	27,300	21,000
General and Administrative expenditures		
President*	50,100	42,750
Vice President, Exploration*	18,300	14,100
Seabord Services Corp.**	26,100	26,100
Share - based compensation		
Management and directors	99,700	2,786
Seabord Services Corp.**	19,940	557
	$ 246,540	$ 119,443

12. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Related party liabilities	Items or services		December 31, 2017		March 31, 2017
President	Management fees and reimbursable expenses	$	9,450	$	7,245
Vice President, Exploration	Management fees and reimbursable expenses		5,985		9,360
		$	15,435	$	16,605

*BJP Consulting and Rory Ritchie Geological Consulting are controlled by Brad Peters, President and CEO, 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, or subsequent to the 9 months ended December 31, 2017.

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.

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 December 31, 2017, 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 December 31, 2017, included $138,939 of accounts payable and accrued liabilities, and $15,435 in amounts due

13. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

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 December 31, 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 December 31, 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 $180 (March 31, 2017 - $200) 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 thirty days without interest penalty. There has been no change in approach to managing capital during the nine months ended December 31, 2017 and the Company believes with its current plans in place, including the expected funds from the IPO, it will have sufficient capital to fund its administrative and exploration expenditures for the next twelve months. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS BY CATEGORY

Fair Values

The Company's financial instruments consist of cash, receivables, marketable securities, restricted cash, reclamation deposits, accounts payable and accrued liabilities and due to related parties. 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.

14. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

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

As at December 31, 2017	Fair value through profit or loss	Other financial liabilities	Total
Cash	$ 41,246	$ -	$ 41,246
Mineral exploration tax credits	33,259	-	33,259
Restricted cash	23,000	-	23,000
Marketable securities	1,867	-	1,867
Accounts payable and acrrued liabilities	-	(138,939)	(138,939)
Due to related parties	-	(15,435)	(15,435)
Total	$ 99,372	$ (154,374)	$ (55,002)

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	-	(46,543)	(46,543)
Due to related parties	-	(16,605)	(16,605)
Total	$ 450,811	$ (63,148)	$ 387,663

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

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 cash and marketable securities which are categorized as level 1.

The carrying values of receivables, and accounts payable and accrued liabilities and due to related parties 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 nine months ended December 31, 2017 included the accrual of $64,500 in deferred share issue costs related to the pending IPO.

There were no significant non-cash investing and financing transactions during the nine months ended December 2016.

There was no interest or tax paid during the nine months ended December 31, 2017 and 2016.

16. EVENT AFTER THE REPORTING DATE

Subsequent to December 31, 2017, on January 10, 2018, the Company filed and received a receipt for, its Amended Prospectus, which amended the Company's Prospectus dated October 23, 2017, with the securities commissions of each of British Columbia, Alberta, and Ontario in connection with its IPO of units of the Company.