

ZENYATTA VENTURES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zenyatta Ventures Ltd.

We have audited the accompanying consolidated financial statements of Zenyatta Ventures Ltd. and its subsidiary, which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows, and consolidated statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Zenyatta Ventures Ltd. and its subsidiary as at March 31, 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Zenyatta Ventures Ltd. had continuing losses during the year ended March 31, 2018 and a cumulative deficit as at March 31, 2018. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
July 25, 2018

ZENYATTA VENTURES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)	March 31, 2018 \$	March 31, 2017 \$
ASSETS		
Current assets		
Cash	96,738	383,968
Temporary investments [note 5]	-	613,283
Amounts and other receivables	27,947	54,810
Prepays and deposits	47,466	54,546
Total current assets	172,151	1,106,607
Non-current assets		
Equipment [note 3]	24,272	38,863
Exploration and evaluation assets [note 4]	22,027,880	21,650,798
Total non-current assets	22,052,152	21,689,661
Total assets	22,224,303	22,796,268
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities [notes 6 and 10]	152,035	83,300
Total liabilities	152,035	83,300
SHAREHOLDERS' EQUITY		
Share capital [note 7(a)]	34,181,765	33,772,297
Warrants [note 7(b)]	484,174	437,743
Share-based payment reserve [note 7(c)]	4,944,008	6,228,836
Shares to be issued [note 4]	472,500	472,500
Deficit	(18,010,179)	(18,198,408)
Total shareholders' equity	22,072,268	22,712,968
Total shareholders' equity and liabilities	22,224,303	22,796,268

Going Concern [note 1]

Commitments and Contingencies [notes 4 and 13]

Subsequent Events [note 16]

See accompanying notes to the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on July 25, 2018

Approved on behalf of the Board of Directors:

"Eric Wallman", Director

"Brian Bosse", Director

ZENYATTA VENTURES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Stated in Canadian Dollars) FOR THE YEARS ENDED MARCH 31	2018 \$	2017 \$
EXPENSES		
Amortization	6,069	9,714
Consulting fees	139,808	458,052
General and administrative [note 15]	840,622	1,115,576
Investor relations and promotion	25,620	11,717
Professional fees	153,435	88,358
Stock-based compensation [note 7(c)]	462,961	1,152,529
Stock exchange and filing fees	11,320	10,200
Loss from operating activities	1,639,835	2,846,146
Interest and other revenue	75,314	5,525
Net loss for the year, being total comprehensive loss for the year	1,564,521	2,840,621
Basic and diluted net loss per share [note 14]	0.02	0.05

See accompanying notes to the consolidated financial statements

ZENYATTA VENTURES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in Canadian Dollars) FOR THE YEARS ENDED MARCH 31	2018 \$	2017 \$
OPERATING ACTIVITIES		
Loss for the year	(1,564,521)	(2,840,621)
Items not affecting cash		
Amortization [note 3]	6,069	9,714
Gain on sale of equipment	(5,460)	-
Stock-based compensation [note 7(c)]	462,961	1,152,529
	(1,100,951)	(1,678,378)
Net change in non-cash working capital balances [note 9]	101,096	(31,694)
Cash (used in) operating activities	(999,855)	(1,710,072)
INVESTING ACTIVITIES		
Mineral exploration and evaluation expenditures	(433,800)	(870,656)
Purchase of equipment	-	(3,041)
Proceeds from sale of equipment	13,982	-
Purchase of temporary investments	-	(1,563,283)
Redemption of temporary investments	613,283	1,212,862
Government assistance received [note 4]	63,261	268,535
Cash provided by (used in) investing activities	256,726	(955,583)
FINANCING ACTIVITIES		
Units issued [note 7(a)]	464,966	-
Unit issue costs	(9,067)	-
Common shares issued [note 7(a)]	-	2,947,701
Share issue costs	-	(67,676)
Cash provided by financing activities	455,899	2,880,025
(Decrease) increase in cash during the year	(287,230)	214,370
Cash, beginning of year	383,968	169,598
Cash, end of year	96,738	383,968

Supplementary disclosures - see note 9

See accompanying notes to the consolidated financial statements

ZENYATTA VENTURES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in Canadian Dollars)	Number of Shares	Share Capital \$	Warrants \$	Share-Based Payment Reserve \$	Shares to be Issued \$	Deficit \$	Total Equity \$
Balance as at March 31, 2016	58,954,016	31,177,216	152,799	5,234,420	472,500	(15,583,287)	21,453,648
Rights offering [note 7(a)]	3,930,268	2,947,701	-	-	-	-	2,947,701
Share issue costs	-	(352,620)	-	-	-	-	(352,620)
Recognition of stock-based compensation [note 7(c)]	-	-	-	1,219,916	-	-	1,219,916
Stock options expired [note 7(c)]	-	-	-	(225,500)	-	225,500	-
Warrants issued [note 7(b)]	-	-	284,944	-	-	-	284,944
Net loss and comprehensive loss for the year	-	-	-	-	-	(2,840,621)	(2,840,621)
Balance as at March 31, 2017	62,884,284	33,772,297	437,743	6,228,836	472,500	(18,198,408)	22,712,968
Issuance of units [note 7(a)]	713,077	418,535	46,431	-	-	-	464,966
Unit issue costs	-	(9,067)	-	-	-	-	(9,067)
Recognition of stock-based compensation [note 7(c)]	-	-	-	467,922	-	-	467,922
Stock options expired [note 7(c)]	-	-	-	(1,752,750)	-	1,752,750	-
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,564,521)	(1,564,521)
Balance as at March 31, 2018	63,597,361	34,181,765	484,174	4,944,008	472,500	(18,010,179)	22,072,268

See accompanying notes to the consolidated financial statements

ZENYATTA VENTURES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

1. NATURE OF BUSINESS AND GOING CONCERN

Zenyatta Ventures Ltd. (the "Company") was incorporated on July 29, 2008 under the laws of the province of Ontario, Canada. The principal business of the Company is to identify and evaluate opportunities for the acquisition of an interest in mineral exploration assets or businesses and, once identified, to negotiate an acquisition or participation. The address of the Company's executive office is 1224 Amber Drive, Thunder Bay, Ontario, P7B 6M5, Canada.

The Company is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Company is in the process of exploring its resource properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The recovery of the amounts shown for the exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the exploration, and upon future profitable production.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, social licensing requirements and non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The Company had continuing losses for the year ended March 31, 2018. As at March 31, 2018, the Company had an accumulated deficit of \$18,010,179 and working capital of \$20,116. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability of the Company to obtain necessary financing, and the ability of the Company to identify, evaluate, and negotiate an acquisition of, a participation in or an interest in properties, assets, or businesses. Management feels that additional working capital will be required from public share offerings and stock option exercises to meet the Company's liabilities and commitments as they come due. These conditions indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to amounts that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

ZENYATTA VENTURES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below. The consolidated financial statements are prepared on the historical cost basis except for temporary investments which are reflected at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds and income taxes. Differences may be material.

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary. In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Gains/losses on translation are recorded in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss ("FVTPL"), which are measured initially at fair value.

The Company has designated its cash, amounts and other receivables as loans and receivable which are measured at amortized cost on the statement of financial position. Temporary investments have been classified as FVTPL and are recorded at their fair market value with changes in fair value included in the statement of loss. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Financial assets and financial liabilities are measured subsequently as described below.

ZENYATTA VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition: loans and receivables; financial assets at FVTPL; held-to-maturity investments; available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'general and administrative' expenses or 'interest revenue'.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

Financial Liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each financial reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, default of delinquency in interest or principal payments, or it becoming probable that the borrower will enter bankruptcy or financial re-organization.

ZENYATTA VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Financial Assets (continued)

For certain categories of financial assets, such as amounts receivable and deposits, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company does not have any derivative financial instruments.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or asset purchase. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue, including government assistance, received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized as expenses of the Company.

Capitalized costs are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment at each financial reporting date or when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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

ZENYATTA VENTURES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is carried at acquisition cost less subsequent amortization and impairment losses. Amortization is recognised on a declining balance basis over the estimated useful lives of the equipment less estimated residual value. The rates generally applicable are:

Equipment - Automotive	20%
Equipment - Office	20%
Equipment - Field	20%
Computers	20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'gain/loss on sale of equipment'.

Cash and Cash Equivalents

The Company's policy is to disclose cash, bank account balances and investment-grade deposit certificates with original maturities of three months or less as cash and cash equivalents. Cash and cash equivalents are held in Canadian chartered banks or financial institutions controlled by a Canadian chartered bank. The Company did not have any cash equivalents as at March 31, 2018 and 2017.

Temporary Investments

Temporary investments consist of investment-grade deposit certificates with original maturities greater than three months but less than one year. Temporary investments are held in Canadian chartered banks or financial institutions controlled by a Canadian chartered bank.

Impairment of Non-Financial Assets

At each financial reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair values less costs to sell, and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

ZENYATTA VENTURES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Capital

Share capital represents the fair value of consideration received, less related costs.

Flow Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby it agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of non-flow through shares and the amount the investor pays for flow-through shares. A flow through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in the statement of loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Warrants

Warrants are recorded at their fair value on the date of issue, net of issue costs. The Company uses the Black-Scholes option pricing model to estimate the fair value of warrants issued. On the exercise of warrants, consideration received and the accumulated warrant value attributed to the portion exercised is credited to share capital. For those warrants that expire after vesting, the recorded value is transferred to deficit.

Share-Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note. See note 7(c).

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Charges for options that are forfeited before vesting are reversed from share-based payment reserve. For those options that expire after vesting, the recorded value is transferred to deficit.

On the exercise of options, consideration received and the accumulated option value attributed to the portion exercised is credited to share capital.

ZENYATTA VENTURES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per Share

Basic loss per share is calculated using the weighted average number of shares outstanding. In order to determine diluted loss per share, any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of warrants and options that would increase earnings per share or decrease loss per share. The outstanding stock options and warrants to purchase common shares disclosed in note 7 were not included in the computation of the diluted loss per share for the periods presented because the effect would be anti-dilutive.

Income Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. The Company has not recognized deferred tax assets to the extent that the company does not consider it probable that a deferred tax asset will be recovered.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of taxable income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

ZENYATTA VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when the Company has a present legal or constructive obligation caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company had no material restoration, rehabilitation and environmental obligations as at March 31, 2018 or 2017 as the disturbance to date is minimal.

Company as Lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Operating Expenses

Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

ZENYATTA VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Judgements and Estimation Uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See note 4 for details of capitalized exploration and evaluation costs.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future pre-tax cash flows expected to be derived from the Company's mineral exploration properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Judgements and Estimation Uncertainties (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction.

The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Existence of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Contingencies

Refer to note 13.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation

The consolidated financial statements consolidate the accounts of the Company and all of its subsidiaries. The Company has the following inactive, wholly owned subsidiary: ZEN-tech Materials Limited. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases.

New Accounting Standards and Interpretations Adopted

IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. As at April 1, 2017, the Company adopted this pronouncement and there was no material impact on the Company’s consolidated financial statements.

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(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and Interpretations not yet Adopted

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after April 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

ZENYATTA VENTURES LTD.
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3. EQUIPMENT

For the year ended March 31, 2018

	Opening net book value \$	Additions \$	Disposals \$	Amortization for the year \$	Closing net book value \$
Equipment - Automotive	8,148	-	(7,868)	(56)	224
Equipment - Office	4,709	-	-	(942)	3,767
Equipment - Field	10,416	-	(654)	(1,953)	7,809
Computers	15,590	-	-	(3,118)	12,472
Total	38,863	-	(8,522)	(6,069)	24,272

As at March 31, 2018

	Cost \$	Accumulated Amortization \$	Net book value \$
Equipment - Automotive	1,439	(1,215)	224
Equipment - Office	20,767	(17,000)	3,767
Equipment - Field	35,544	(27,735)	7,809
Computers	41,788	(29,316)	12,472
Total	99,538	(75,266)	24,272

For the year ended March 31, 2017

	Opening net book value \$	Additions \$	Disposals \$	Amortization for the year \$	Closing net book value \$
Equipment - Automotive	10,185	-	-	(2,036)	8,149
Equipment - Office	5,885	-	-	(1,177)	4,708
Equipment - Field	13,019	-	-	(2,604)	10,415
Computers	16,447	3,041	-	(3,897)	15,591
Total	45,536	3,041	-	(9,714)	38,863

As at March 31, 2017

	Cost \$	Accumulated Amortization \$	Net book value \$
Equipment - Automotive	31,083	(22,935)	8,148
Equipment - Office	20,767	(16,058)	4,709
Equipment - Field	37,762	(27,346)	10,416
Computers	41,788	(26,198)	15,590
Total	131,400	(92,537)	38,863

ZENYATTA VENTURES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

4. EXPLORATION AND EVALUATION ASSETS

During the year ended March 31, 2010, the Company signed an option agreement which was subsequently superseded and replaced effective November 2, 2010 (the "Albany Agreement"), to earn an interest in the Albany Property located in Northern Ontario. Under the terms of the Albany Agreement, the Company can acquire, upon exercise of the first option, a 25% interest in the Albany Property, and upon exercise of the second option, an additional 55% interest in the Albany Property. The Albany Property consists of two groupings of claims, the "Block 4F Claims" and the other claims. The first option was exercised after completion of a helicopter borne geophysical survey on the property and issuance of 1,000,000 units to the optionor, each unit being comprised of one common share and one warrant to purchase one additional common share at a price of \$1.50 any time before December 23, 2015.

The second option was exercised on the Block 4F Claims after making certain payments totaling \$140,000 and incurring aggregate expenses on the property of not less than \$10,000,000. Both parties to the agreement acknowledge that the second option has been acquired.

The Albany Property is subject to payment of a 2.0% net smelter royalty ("NSR"), which may be reduced to 1.0% upon payment of \$1,000,000, and success fees of \$250,000 upon commencement of the first pre-feasibility study and \$500,000 upon commencement of each additional pre-feasibility study on each of the Block 4F Claims and the other claims. The success fees and NSR are payable to a corporation controlled by the President, Chief Executive Officer and Director of the Company.

On November 21, 2012, the Company reached an agreement with the optionor to amend the Albany Agreement and acquired the remaining 20% interest in the Block 4F Claims bringing the Company's total interest in the claims to 100%. Pursuant to the terms of the transaction, the Company and the optionor agreed to the following with respect to this agreement which are in addition to the above terms:

- a) The Company will issue to the optionor a total of 1,250,000 shares as follows: (i) 500,000 shares upon signing the agreement (issued and valued at \$315,000 based on the fair market value at the agreement date); (ii) 250,000 shares to be issued upon completion of a pre-feasibility study (valued at \$157,500 based on the fair market value at the agreement date); (iii) 500,000 shares to be issued upon completion of a feasibility study (valued at \$315,000 based on the fair market value at the agreement date). Total shares to be issued are 750,000 common shares valued at \$472,500.
- b) The Company granted the optionor a net smelter return royalty of 0.75% on the Block 4F Claims, of which 0.5% can be purchased at any time for \$500,000.
- c) Assumption of all liabilities of the property.

The second option on the other claims is subject to a covenant to conduct drilling, a payment of \$55,000 on July 1, 2013 (paid) and an obligation not to be in default of the terms under the Albany Agreement. The Albany Agreement provides a clawback right that allows the optionor to reduce the Company's interest in the other claims to 30% subsequent to the exercise of the second option by giving notice within 30 days that the optionor intends to commence sole funding up to completion of a feasibility study within 48 months and within 30 days deliver a payment of \$27,500,000.

ZENYATTA VENTURES LTD.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

The amounts shown below represent costs incurred to date, and do not necessarily represent present or future value as these are entirely dependent upon the economic recovery of future ore reserves.

Albany Property	Opening Balance \$	Expenditures \$	Ending Balance \$
For the year ended March 31, 2017	20,983,520	667,278	21,650,798
For the year ended March 31, 2018	21,650,798	377,082	22,027,880

Expenditures include acquisition costs of \$1,292,500 for the Albany Property as at March 31, 2018 (March 31, 2017 - \$1,292,500). The remaining balances are comprised of exploration expenditures. Government assistance received during the year ended March 31, 2018 totaled \$63,261 (2017: \$268,535).

5. TEMPORARY INVESTMENTS

	March 31, 2018 \$	March 31, 2017 \$
Guaranteed investment certificates		
Cashable, 0.5%, maturing August 21, 2017	-	63,283
Cashable, 0.73%, maturing August 23, 2017	-	550,000
	-	613,283

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018 \$	March 31, 2017 \$
Trade payables	127,035	58,300
Accrued liabilities	25,000	25,000
	152,035	83,300

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7. SHARE CAPITAL

(a) Share Capital

The Company is authorized to issue an unlimited number of common shares, with no par value.

During the year ended ended March 31, 2018, the Company completed the following share capital transactions:

In a private placement financing, a total of 713,077 units were issued at \$0.65 per unit for gross proceeds of \$463,500. Each unit consisted of one common share and one-half of one common share purchase warrant with each whole warrant exercisable at \$1.00 for a period of two years. The securities issued pursuant to the offering are subject to a four month and one day statutory hold period. Share issue costs associated with this private placement totaled \$9,067.

During the year ended March 31, 2017, the Company completed the following share capital transactions:

On June 10, 2016, the Company completed an offering of shares by way of a rights offering for 3,930,268 common shares at \$0.75 per common share for gross proceeds of \$2,947,701 and net proceeds of \$2,880,025. The Company issued to each shareholder one right (the "Rights") for each common share held by such shareholder. Every 15 Rights entitled the holder thereof to purchase one common share in the Company at a price of \$0.75 per common share.

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7. SHARE CAPITAL (continued)

(b) Share Purchase Warrants

Details of share purchase warrants outstanding as of March 31, 2018 are as follows:

Expiry Date	Exercise Price \$	Grant Date Fair Value \$	March 31, 2018 #
June 11, 2018	0.83	284,944	982,567
August 11, 2018	1.65	152,799	845,000
December 19, 2019	1.00	46,431	368,157
		484,174	2,195,724

The following is a summary of warrants activity for the years ended March 31, 2018 and March 31, 2017:

	March 31, 2018		March 31, 2017	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance, beginning of year	1,827,567	1.21	845,000	1.65
Granted	368,157	1.00	982,567	0.83
Exercised	-	-	-	-
Expired	-	-	-	-
Balance, end of year	2,195,724	1.17	1,827,567	1.21

Subject to certain conditions, six individual shareholders (the "Guarantors") each agreed to provide a standby guarantee (the "Standby Commitment") to purchase such common shares that were available to be purchased, but not otherwise subscribed for, that would have resulted in a maximum of 3,930,268 common shares issued under the rights offering. A total of 1,479,693 common shares were issued to the Guarantors pursuant to the Standby Commitment. As consideration for the Standby Commitment, the Guarantors received share purchase warrants ("Standby Warrants") entitling the Guarantors to acquire up to 982,567 common shares at an exercise price of \$0.83 per common share that are exercisable up to June 11, 2018. The remaining contractual life of the warrants issued and outstanding at March 31, 2018 was 0.20 years. The Company has estimated the value of these warrants to be \$284,944 using the Black-Scholes option pricing model and recorded these warrants as share issue costs when they were issued. The fair value of these warrants was estimated using the following assumptions: expected dividend yield of 0%; expected volatility of 74%; risk-free interest rate of 0.54%; and expected life of 2 years.

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7. SHARE CAPITAL (continued)

(b) Share Purchase Warrants (continued)

On December 19, 2017, the Company issued 368,157 share purchase warrants as part of a private placement financing with an exercise price of \$1.00 and an expiry date of December 19, 2019. The grant date fair value of these warrants was \$0.13. The remaining contractual life of the warrants issued and outstanding at March 31, 2018 was 1.72 years. The fair value of these warrants was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 67%; risk-free interest rate of 1.66%; and expected life of 2 years. Common shares acquired through the exercise of these warrants are subject to a four month and one day statutory hold period.

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7. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payment Reserve

The Company has a stock option plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 10% of the issued and outstanding common shares at the time of grant, of which 5,315,000 options are outstanding as at March 31, 2018.

The Plan provides that:

- a) any options granted pursuant to the Plan shall expire no later than ten years after the date of grant;
- b) any options granted pursuant to the Plan shall be non-assignable and non-transferable;
- c) the number of common shares issuable pursuant to the Plan to any one person in any 12-month period shall not exceed 5% of the outstanding common shares;
- d) the number of common shares issuable pursuant to the Plan to any one consultant in any 12-month period may not exceed 2% of the outstanding common shares;
- e) the number of common shares issuable pursuant to the Plan to persons employed in investor relation activities may not exceed 2% of the outstanding common shares in any 12-month period.
- f) the Plan provides that options shall expire and terminate 90 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.
- g) the number of common shares: (1) reserved for issuance to insiders of the Company may not exceed 10% of the issued and outstanding common shares; and (2) which may be issued to insiders within a one-year period may not exceed 10% of the issued and outstanding common shares.
- h) the Plan provides that options granted under the Plan shall vest in the optionee, and may be exercisable by the optionee under certain vesting terms.

During the year ended March 31, 2018, the Company issued the following stock options:

On November 28, 2017, the Company issued 500,000 stock options to a director with an exercise price of \$0.60 and an expiry date of November 28, 2022. The grant date fair value of these stock options was \$0.43. The remaining contractual life of the stock options issued and outstanding at March 31, 2018 was 4.67 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 78%; expected forfeiture rate of 0%; risk-free interest rate of 1.43%; and expected life of 5 years. The vesting period for these options is as follows: 1/3 at November 28, 2017; 1/3 at May 28, 2018; 1/3 at November 28, 2018.

On November 28, 2017, the Company issued 240,000 stock options to a number of consultants with an exercise price of \$0.60 and an expiry date of November 28, 2019. The grant date fair value of these stock options was \$0.28. The remaining contractual life of the stock options issued and outstanding at March 31, 2018 was 1.66 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 70%; expected forfeiture rate of 0%; risk-free interest rate of 1.43%; and expected life of 2 years. The vesting period for these options is as follows: 33% at November 28, 2017; 33% at May 28, 2018; 34% at November 28, 2018.

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7. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payment Reserve (continued)

On January 25, 2018, the Company issued 500,000 stock options to a director with an exercise price of \$0.58 and an expiry date of January 25, 2023. The grant date fair value of these stock options was \$0.37. The remaining contractual life of the stock options issued and outstanding at March 31, 2018 was 4.82 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 78%; expected forfeiture rate of 0%; risk-free interest rate of 1.84%; and expected life of 5 years. The vesting period for these options is as follows: 1/3 at January 25, 2018; 1/3 at July 25, 2018; 1/3 at January 25, 2019.

During the year ended March 31, 2017, the Company issued the following stock options:

On July 5, 2016, the Company issued 1,700,000 stock options to a number of directors, officers, employees and consultants with an exercise price of \$0.72 and an expiry date of July 5, 2021. The grant date fair value of these stock options was \$0.56. The remaining contractual life of the stock options issued and outstanding at March 31, 2018 was 3.27 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 107%; expected forfeiture rate of 0%; risk-free interest rate of 0.58%; and expected life of 5 years. The vesting period for these options is as follows: 1/3 at July 5, 2016; 1/3 at January 5, 2017; 1/3 at July 5, 2017.

On August 17, 2016, the Company issued 150,000 stock options to an employee with an exercise price of \$0.81 and an expiry date of August 17, 2021. The grant date fair value of these stock options was \$0.62. These options expired on November 21, 2017 due to the departure of the employee. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 104%; expected forfeiture rate of 0%; risk-free interest rate of 0.58%; and expected life of 5 years. The vesting period for these options is as follows: 1/3 at August 17, 2016; 1/3 at February 17, 2017; 1/3 at August 17, 2017.

On January 27, 2017, the Company issued 250,000 stock options to a director with an exercise price of \$0.98 and an expiry date of January 27, 2022. The grant date fair value of these stock options was \$0.71. The remaining contractual life of the stock options issued and outstanding at March 31, 2018 was 3.83 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 96%; expected forfeiture rate of 0%; risk-free interest rate of 0.82%; and expected life of 5 years. The vesting period for these options is as follows: 1/3 at January 27, 2017; 1/3 at July 27, 2017; 1/3 at January 27, 2018.

The Company's computation of expected volatility for the years ended March 31, 2018 and 2017 is based on the Company's market close price over a prior period equal to the expected life of the options.

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7. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payment Reserve (continued)

The Company applies the fair value method of accounting for share-based payment awards to directors, officers, employees and non-employees. Accordingly, the following amounts have been recognized as compensation expense, exploration and evaluation assets and under capital stock as share-based payment reserve:

	Year Ended March 31, 2018	Year Ended March 31, 2017
	\$	\$
Stock-based compensation expense	462,961	1,152,529
Exploration and evaluation assets	4,961	67,387
	467,922	1,219,916

Stock option and share-based payment activity for the years ended March 31, 2018 and March 31, 2017 are summarized as follows:

	March 31, 2018		March 31, 2017	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance, beginning of year	5,550,000	1.34	3,600,000	1.69
Granted	1,240,000	0.59	2,100,000	0.76
Exercised	-	-	-	-
Expired	(1,475,000)	1.33	(150,000)	1.67
Balance, end of year	5,315,000	1.17	5,550,000	1.34

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7. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payment Reserve (continued)

At March 31, 2018, outstanding options to acquire common shares of the Company were as follows:

Expiry Date	Exercise Price \$	Number of Options Issued #	Number of Options Exercisable #	Grant date fair value \$	Weighted average remaining contractual life (years)
August 11, 2019	2.11	375,000	375,000	716,250	1.36
November 28, 2019	0.60	240,000	79,200	67,200	1.66
March 23, 2020	1.90	100,000	100,000	169,000	1.98
April 21, 2020	1.87	750,000	750,000	1,245,000	2.06
August 31, 2020	1.46	800,000	800,000	936,000	2.42
July 5, 2021	0.72	1,600,000	1,600,000	896,000	3.27
January 27, 2022	0.98	250,000	250,000	177,500	3.83
November 28, 2022	0.60	500,000	166,667	215,000	4.67
January 25, 2023	0.58	500,000	166,667	185,000	4.82
November 18, 2023	2.78	200,000	200,000	520,000	5.64
		5,315,000	4,487,534	5,126,950	3.13

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8. INCOME TAXES

(a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 - 26.5%) were as follows:

	2018	2017
	\$	\$
Loss before income taxes	(1,564,521)	(2,840,621)
Expected income tax recovery based on statutory rate	(415,000)	(753,000)
Adjustments to expected income tax benefit:		
Share-based payments	124,000	323,000
Non-deductible expenses and other	252,000	58,000
Change in benefit of tax assets not recognized	39,000	372,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
	\$	\$
Non-capital loss carry-forwards	388,000	1,160,000
Equipment	-	-
Interest in exploration and evaluation properties	8,667,000	7,477,000
Share issue costs	95,000	364,000
Deductible temporary differences	9,150,000	9,001,000

Deferred tax assets have not been recognized in respect of these temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

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8. INCOME TAXES (continued)

c) Loss Carry-Forwards

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses of approximately \$388,000 will expire as follows:

Year	Amount \$
2033	187,000
2034	176,000
2036	1,000
2037	24,000
	388,000

The Company has approximately \$30,700,000 of Canadian development and exploration expenditures as at March 31, 2018 (2017: \$29,127,000), which under certain circumstances may be utilized to reduce the taxable income of future years.

9. SUPPLEMENTAL DISCLOSURES ON STATEMENTS OF CASH FLOWS

Changes in non-cash working capital balances consist of:

	March 31, 2018 \$	March 31, 2017 \$
Amounts and other receivables	26,863	(926)
Prepays and deposits	7,080	(25,261)
Accounts payable and accrued liabilities	67,153	(5,507)
	101,096	(31,694)

Supplementary disclosures:

Change in accrued exploration property expenditures	\$ 1,582	\$ (2,230)
Stock-based compensation charged to exploration and evaluation assets	\$ 4,961	\$ 67,387
Warrants issued charged to share issue costs	\$ -	\$ 284,944

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10. RELATED PARTY TRANSACTIONS

The total transactions with a company controlled by a member of key management personnel during the years ended March 31, 2018 and 2017 were as follows:

	2018	2017
	\$	\$
Exploration and evaluation assets	150,212	156,128
General and administrative	23,316	36,903
	173,528	193,031

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$10,246 (2017 - \$10,516). The amounts owing are unsecured, non-interest bearing and are repayable under normal terms and conditions.

The remuneration of directors and other members of key management personnel during the years ended March 31, 2018 and 2017 were as follows:

	2018	2017
	\$	\$
Short-term benefits	359,114	496,058
Share-based payments	391,329	892,442
	750,443	1,388,500

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

See also notes 4 and 13(c).

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11. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's operations include the acquisition and exploration of mineral properties in Canada. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors. There have been no significant changes in the risks, objectives, policies and procedures for managing risks during the years ended March 31, 2018 and 2017.

a) Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the consolidated financial statements.

i) Trade Credit Risk

The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

ii) Cash and Temporary Investments

In order to manage credit and liquidity risk, the Company invests only in highly rated investment grade instruments that have maturities of one year or less. Limits are also established based on the type of investment, the counterparty and the credit rate.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a significant loss as a result of a decline in the fair market value of investments or items held within cash and cash equivalents is limited given that the majority have a relatively short maturity. The Company manages its interest rate risk with investments by investing the majority of funds in short-term investments and therefore is not exposed to significant fluctuations in interest rates. The Company believes that its interest rate risk is minimal.

d) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Company is the Canadian dollar. The Company is involved with a small number of foreign vendors in the United States of America. Changes 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 the exposure has been deemed to be minimal.

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11. FINANCIAL INSTRUMENTS AND RELATED RISKS (continued)

e) Fair Value of Financial Instruments

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2018, the Company does not have any financial instruments recorded at fair value and that require classification within the fair value hierarchy.

As at March 31, 2017, temporary investments which are measured at fair value are classified as Level 2 within the fair value hierarchy.

The fair values of all of the Company's financial instruments approximate their carrying values, given their short-term nature.

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company's capital management objectives, policies and processes have remained unchanged during the years ended March 31, 2018 and 2017.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. COMMITMENTS AND CONTINGENCIES

a) Leases

On December 20, 2016, the Company entered into a vehicle lease agreement. The lease term is for a period of two years expiring December 19, 2018. The Company must pay \$708 per month under the terms of the lease.

Minimum lease payments in the Company's fiscal years to the expiration of the leases are as follows:

2019	\$	6,372
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Operating lease payments expensed by the Company for the years ended March 31, 2018 and 2017 were as follows:

2018	2017
\$	\$
58,896	61,373
58,896	61,373

b) Environmental Contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

c) Employment Agreements

The Company's President and Chief Executive Officer is the only officer who currently has an employment agreement with the Company with a change of control provision. The agreement, dated August 1, 2010, provides that in the event that the employment is terminated by the Company other than for cause, or within 90 days of a change of control of the Company, then the officer is entitled to (i) a lump sum payment equal to the greater of 24 months' salary or six months' salary for each year or partial year of service, (ii) all outstanding and accrued regular and vacation pay and expenses and (iii) the immediate vesting of his options which shall continue to be available for exercise for a period of two years following the date of termination. The current salary level for this individual pursuant to the employment agreement is \$225,000 per annum.

The Company has an employment agreement with its Vice-President of Exploration and Chief Geologist dated January 1, 2014. The current salary level for the individual pursuant to the employment agreement is \$150,000 annually.

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FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

13. COMMITMENTS AND CONTINGENCIES (continued)

d) Exploration Agreement

The Company has entered into an agreement with Constance Lake First Nation ("CLFN") governing the relationship in regard to the Company's exploration on traditional lands of CLFN, pursuant to which, the Company has the following commitments.

Cost of Implementation Committee:

On a yearly basis, commencing on the date that an implementation committee is formed and continuing for the following twelve (12) months, the Company shall make a total contribution of \$22,000, and in years following the year in which this agreement is executed, an additional amount equivalent to the increase in the Ontario consumer price index for the preceding year, to pay: the reasonable expenses of the Implementation Committee members and the reasonable costs of an archaeologist for any archaeological assessments. As of March 31, 2018, the Company is in compliance with this agreement.

Cost of Annual Gathering:

The Company will pay on an annual basis, \$1,200, and in years following the year in which this agreement is executed, an additional amount equivalent to the increase in the Ontario consumer price index for the preceding year, for CLFN and the Company to have a community "feast" and conduct an information session with CLFN members about the exploration, this agreement and any issues pertaining to this agreement's implementation.

14. LOSS PER SHARE

Basic loss per share figures are calculated using the weighted average number of common shares outstanding. The weighted average number of common shares issued and outstanding for the year ended March 31, 2018 is 63,085,508 (2017: 62,130,534). Diluted loss per share figures are calculated after taking into account all warrants and stock options granted. Exercise of the outstanding warrants and stock options would be anti-dilutive with respect to loss per share calculations, and therefore diluted loss per share is equal to basic loss per share. The number of potentially dilutive common shares resulting from the exercise of outstanding warrants and stock options that were not included in the calculation of diluted loss per share was 7,510,724 (2017: 7,377,567).

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Year Ended March 31, 2018 \$	Year Ended March 31, 2017 \$
Salaries and benefits	510,748	658,978
Meals and entertainment	23,849	43,812
Accommodations	28,787	47,403
Investor communications	51,992	105,840
Travel	44,163	49,003
Occupancy and office expenses	181,083	210,540
	840,622	1,115,576

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16. SUBSEQUENT EVENTS

On May 3, 2018, 200,000 stock options were issued to a senior official of ZEN-tech Materials Limited under the stock option plan described in Note 7(c). The stock options have an exercise price of \$0.56 per share and an expiry date of May 3, 2023. The vesting period of the options is as follows: 33% at May 3, 2018; 33% at November 3, 2018; 34% at May 3, 2019.

On June 6, 2018, the Company extended the expiry date of the 982,567 warrants exercisable at a price of \$0.83. The original expiry date of June 11, 2018 was extended to a new expiry date of June 11, 2019.

On June 22, 2018, the Company closed a private placement resulting in the issuance of 1,311,693 units at a price of \$0.55 per unit for gross proceeds of \$721,431. Each unit consisted of one common share of the Company and one half of one non-transferable share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one additional common share at an exercise price of \$0.80 per warrant, exercisable for a period of twenty-four months from the closing of the Offering.

On July 3, 2018, 1,450,000 stock options were issued to a number of directors, consultants and management under the stock option plan described in Note 7(c). The stock options have an exercise price of \$0.50 per share and an expiry date of July 3, 2023. The vesting period of the options is as follows: 1/3 at July 3, 2018; 1/3 at January 3, 2019; 1/3 at July 3, 2019.