BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Financial Statements

For the years ended February 28, 2018 and 2017

Expressed in Canadian Dollars

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Benchmark Metals Inc. (formerly Crystal Exploration Inc.)

We have audited the accompanying financial statements of Benchmark Metals Inc. which comprise the statements of financial position as at February 28, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Benchmark Metals Inc. as at February 28, 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Benchmark Metals Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 26, 2018

Expressed in Canadian Dollars

	February 28, 2018	February 28, 2017
ASSETS		
Current		
Cash	**$ 50,178**	$ 76,734
Amounts receivable	**24,055**	12,659
Prepaid expenses and deposits	**40,119**	34,065
	114,352	123,458
Exploration and evaluation assets (note 4)	**1,702,881**	937,792
	$ 1,817,233	$ 1,061,250
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 7)	**$ 186,061**	$ 141,292
Deferred flow-through liability (note 9)	-	11,881
	186,061	153,173
EQUITY		
Share capital (note 5)	**3,740,504**	2,515,843
Option and warrant reserve (note 5)	**497,048**	455,430
Deficit	**(2,606,380)**	(2,063,196)
	1,631,172	908,077
	$ 1,817,233	$ 1,061,250

NATURE OF OPERATIONS AND GOING CONCERN (note 1)

SUBSEQUENT EVENTS (note 11)

Authorized for issuance on behalf of the Board on June 26, 2018

Director (signed by) *“Jim Greig”*

Director (signed by) *“Sean Mager”*

The accompanying notes form an integral part of these financial statements.

Expressed in Canadian Dollars

	For the years ended February 28, 2018	February 28, 2017
Expenses		
Investor relations expenses	**$ 161,625**	$ 213,206
Management and consulting fees	**262,500**	257,137
Office and administration	**26,728**	27,075
Professional fees	**88,233**	79,957
Regulatory and filing fees	**37,085**	44,136
Share based compensation (note 5)	**23,176**	81,293
	(599,347)	(702,804)
Other items		
Settlement of flow-through liability (note 9)	**51,623**	62,481
Recovery on exploration and evaluation asset write-down	**4,540**	-
Foreign exchange loss	**-**	(1,071)
Net loss and comprehensive loss for the year	**$ (543,184)**	$ (641,394)
Basic and diluted loss per common share	**$ (0.04)**	$ (0.08)
Weighted average number of common shares outstanding	**12,598,605**	8,274,475

The accompanying notes form an integral part of these financial statements.

Expressed in Canadian Dollars

	Number of shares	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at February 29, 2016	**6,628,611**	**$ 1,435,160**	**$ 343,871**	**$ (1,421,802)**	**$ 357,229**
Shares issued for cash (note 5)	3,357,213	1,177,680	-	-	1,177,680
Share subscription receivable	-	(6,750)	-	-	(6,750)
Value of attached warrants	-	(12,260)	12,260	-	-
Flow-through premium liability	-	(69,800)	-	-	(69,800)
Shares issued for exploration and evaluation assets (note 4)	166,667	75,000	-	-	75,000
Share issuance costs	-	(65,181)	-	-	(65,181)
Finders warrants issued	-	(18,006)	18,006	-	-
Share based payments	-	-	81,293	-	81,293
Comprehensive loss	-	-	-	(641,394)	(641,394)
Balance at February 28, 2017	**10,152,491**	**$ 2,515,843**	**$ 455,430**	**$ (2,063,196)**	**$ 908,077**
Shares issued for cash (note 5)	4,987,380	1,275,940	-	-	1,275,940
Flow-through premium liability	-	(39,740)	-	-	(39,740)
Shares issued for exploration and evaluation assets (note 4)	333,333	102,500	-	-	102,500
Share issuance costs	-	(95,597)	-	-	(95,597)
Finders warrants issued	-	(18,442)	18,442	-	-
Share based payments	-	-	23,176	-	23,176
Comprehensive loss	-	-	-	(543,184)	(543,184)
Balance at February 28, 2018	**15,473,204**	**$ 3,740,504**	**$ 497,048**	**$ (2,606,380)**	**$ 1,631,172**

The accompanying notes form an integral part of these financial statements.

Expressed in Canadian Dollars

	For the years ended February 28, 2018	February 28, 2017
Cash provided by (used in):		
Operating activities		
Net loss for the year	**$ (543,184)**	$ (641,394)
Items not effecting cash:		
Share-based payments (note 5)	**23,176**	81,293
Settlement of flow-through liability	**(51,623)**	(62,414)
	(571,631)	(622,515)
Changes in non-cash working capital:		
Amounts receivable	**(11,396)**	638
Prepaid expenses and deposits	**(6,054)**	(29,783)
Accounts payable and accrued liabilities	**29,250**	75,702
Cash used in operating activities	**(559,831)**	(575,958)
Investing activities		
Exploration and evaluation assets exploration	**(647,068)**	(498,063)
Cash used in investing activities	**(647,068)**	(498,063)
Financing activities		
Proceeds from private placements	**1,275,940**	1,170,930
Share issuance costs	**(95,597)**	(65,181)
Cash provided by financing activities	**1,180,343**	1,105,749
Net increase (decrease) in cash	**(26,556)**	31,728
Cash – beginning of year	**76,734**	45,006
Cash – end of year	**$ 50,178**	$ 76,734
Non-cash transactions and supplemental disclosures		
Shares issued for exploration and evaluation assets	**$ 102,500**	$ 75,000
Finders warrants issued	**$ 18,442**	$ 18,006

The accompanying notes form an integral part of these financial statements.

1. Nature of operations and going concern

Benchmark Metals Inc. (formerly Crystal Exploration Inc.) ("Benchmark" or the "Company") was incorporated under the British Columbia Business Corporations Act on November 9, 2010 and has its shares listed for trading on the TSX Venture Exchange under the symbol "BNCH". The Company's head office is located at suite 800-1199 West Hastings Street, Vancouver V6E 3T5, Canada. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. Benchmark is an exploration stage company and is in the process of identifying and acquiring mineral properties.

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable amount of time. At February 28, 2018, the Company had working capital deficit of $71,709 (February 28, 2017 - $29,715) and an accumulated deficit of $2,606,380 (February 28, 2017 - $2,063,196). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future, which indicate the existence of a material uncertainty that may cast significant doubts about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Effective May 29, 2018, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every three (3) pre-consolidation common shares (the "Share Consolidation"). As a result of the Share Consolidation, the number of shares, warrants and options presented in these financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all years presented.

2. Basis of presentation

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

These financial statements were authorized for issue by the Board of Directors of the Company on June 26, 2018.

These financial statements are presented in Canadian dollars which is also the functional currency of the Company. The use of the symbol "$" herein is in reference to Canadian dollars. Disclosures for amounts denominated in currencies other than Canadian dollars use the International Standards Organization 3-letter symbol for such foreign currency.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results.

3. Significant accounting policies (continued)

a) Management estimates and judgments (continued)

Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

Estimates and assumptions

Share-based payments

The fair value of share-based payments is determined using the Black-Scholes option pricing model based on estimated fair values at the date of grant. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the award. Changes in these assumptions can significantly affect the fair value estimate.

Impairment of exploration and evaluation assets

Recognition of exploration and evaluation property expenditures requires judgment from management in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management is required to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established, and takes into considerations variables such as long-term commodity prices, exploration potential and extraction costs. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amounts capitalized are written off in profit or loss in the period when the new information becomes available.

Judgments

Exploration and evaluation assets

The application of the Company’s accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available.

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant judgments in connection with future taxable profits. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

3. Significant accounting policies (continued)

a) Management estimates and judgments (continued)

Going concern

Assessment of the Company's ability to continue as a going concern requires estimates of future cash flows and includes the consideration of other factors, the outcomes of which are uncertain.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be probable. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to profit or loss.

d) Financial instruments

Financial instruments are classified into one of five categories and, depending on the category, will either be measured at amortized cost using the effective interest method or fair value. Held to maturity investments, loans and receivables, and other financial liabilities are measured at amortized cost. Financial assets and liabilities classified as fair value through profit or loss ("FVTPL") and available for sale financial assets are carried on the statement of financial position at their fair values, where such fair value is determinable. Changes in the fair value of fair value through profit or loss financial instruments are recognized in profit or loss in the period in which they occur, and changes in the fair value of available for sale financial assets are recognized as a component of other comprehensive income until the related financial assets are derecognized or impaired at which time accumulated changes in fair value in accumulated other comprehensive income are recognized in profit or loss. The Company classifies its cash as FVTPL. Accounts payable are classified as other financial liabilities.

The Company accounts for financial assets on the trade date, being the date on which the Company commits to buy or sell the financial asset. Transaction costs related to financial assets or financial liabilities classified as other than fair value through profit and loss will be added to the initial carrying value of the financial asset or liability. Transaction costs related to financial assets or financial liabilities classified as fair value through profit and loss are recognized immediately in profit or loss. Where transaction costs relate to available for sale financial assets they will be charged to other comprehensive income immediately after capitalization as available for sale assets are measured at fair value.

The Company assesses at each reporting date whether there is evidence that a financial asset or a group of financial assets is impaired. Evidence of impairment may include indications that a counter party is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when indicators suggest that there are measurable decreases in the estimated future cash flows.

3. Significant accounting policies (continued)

e) Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss. Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income taxes are recorded using the liability method where by deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to the instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to 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.

f) Exploration and evaluation assets

Exploration and evaluation property acquisition costs and exploration costs directly related to specific properties are capitalized as exploration and evaluation assets and are classified as intangible assets, commencing on the date that the Company acquires legal rights to explore a property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. Exploration costs may include costs such as materials used, surveying costs, drilling costs, payments made to contractors, analyzing historical exploration data, geophysical studies, and depreciation on equipment used during the exploration stage. All other costs, including administrative overhead are expensed as incurred. If the properties are put into commercial production, the capitalized costs of the related property are reclassified as mining assets, which will be depleted using the units of production basis based upon the proven reserves available. If the properties are sold or abandoned, these expenditures will be written off.

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use and fair value less costs to sell. 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 discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. Title to resource properties involves certain

3. Significant accounting policies (continued)

f) Exploration and evaluation assets (continued)

inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties.

g) Government assistance

British Columbia Mining Exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property and are recorded when it is probable the Company will receive the tax credits.

h) Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding stock options and warrants. In the periods when the Company reports a net loss, the effect of potential issuances of shares under stock options and warrants is anti-dilutive. When diluted earnings per share is calculated, only those stock options and other convertible instruments with exercise prices below the average trading price of the Company’s common shares for the period will be dilutive.

During the years ended February 28, 2018 and February 28, 2017, all the outstanding stock options and warrants were anti-dilutive as the Company reported a net loss.

i) Share-based payments

Share-based payments related to the issuance of stock options to employees and others providing similar services pursuant to the Company’s stock option plan, is measured at grant date, for using the fair value method whereby compensation expense is recorded in profit or loss with a corresponding increase to option and warrant reserve in equity. Share-based payments related to warrants and options issued to non-employees are measured at the fair value of the goods or services received using the graded vesting method. When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model. Consideration paid on the exercise of stock options and warrants is recorded as an increase to share capital. Upon the exercise of the stock options or compensation warrants, consideration received together with the amount previously recognized in option and warrant reserve is recorded as an increase to share capital. The Company incorporates an estimated forfeiture rate for stock options that may not vest.

The Company recognizes share issue costs for the fair value of agents’ warrants issued as finder’s fees in connection with private placements. The fair value calculated is recorded as share issue costs with a corresponding credit to contributed surplus. The Company uses the Black-Scholes option pricing model to determine the fair value of the warrants issued.

j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market

3. Significant accounting policies (continued)

j) Provisions (continued)

assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs. When some or all of the economic benefits required settling a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

As at February 28, 2018 and February 28, 2017, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

k) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

l) Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability (“Deferred flow-through liability”).

The Company may, from time to time, issue flow-through shares to finance a portion of its Canadian exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date to the extent that a premium exists. The equity portion is measured at the market value and the residual premium is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred. This is effectively the “premium” the investor attributes to a flow-through share versus an ordinary share.

When the expenditures are renounced, the Company reduces the deferred flow-through liability and records a recovery on settlement of flow-through liability. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense.

3. Significant accounting policies (continued)

l) Flow-through shares (continued)

Flow-through shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

m) Recent accounting pronouncements

<u>Accounting pronouncements adopted by the Company</u>

During the year ended February 28, 2018, the Company adopted Annual Improvements to IFRS 2014-2016, effective for annual periods beginning January 1, 2017. The amendments did not have an impact on the Company's consolidated financial statements.

<u>New accounting standards issued but not yet effective</u>

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after March 1, 2018, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these new revised accounting pronouncements.

<u>New accounting standards effective March 1, 2018</u>

IFRS 9 - *Financial Instruments* replaces the current standard IAS 39 - *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. The amended standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 7 – Financial Instruments, disclosure: IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

<u>New accounting standards effective March 1, 2019</u>

IFRS 16 – Leases In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Expressed in Canadian Dollars

4. Exploration and evaluation assets

Diamond Permits in Nunavut, Canada

Total costs incurred on the Diamond Permits are summarized as follows:

	Acquisition	Exploration	Total
Balance, February 29, 2016	**150,881**	**213,848**	**364,729**
Acquisition costs	125,000	-	125,000
Fieldwork	-	97,305	97,305
Geology	-	165,210	160,504
Community relations	-	5,511	5,511
Assay	-	179,787	179,787
Permits	-	250	250
Balance, February 28, 2017	**$ 275,881**	**$ 661,911**	**$ 937,792**
Acquisition costs	50,000	-	50,000
Fieldwork	-	3,936	3,936
Geology	-	75,624	75,624
Community relations	-	150	150
Assay	-	5,732	5,732
Permits	-	690	690
Travel and support	-	5,693	5,693
Balance, February 28, 2018	**$ 325,881**	**$ 753,736**	**$ 1,079,617**

During the year ended February 29, 2016, the Company signed a property purchase agreement (“Agreement”) to acquire a 100% interest in eight Prospecting Permits (the ‘Property’) totaling 1,150 km2 located in Nunavut, Canada from private owners (the “Vendor”). As consideration, the Company paid a total of $75,000 in cash and issued 333,333 (1,000,000 pre-consolidation) common shares of the Company with a fair value of $125,000.

The Company has also agreed to pay the Vendor a 1% royalty interest on the Property. The Company also has the sole and exclusive option to purchase the NSR royalty interest at a purchase price of $3,000,000 at any time.

The Company has also agreed to make the following additional performance payments to the Vendor, upon the completion of the following milestones:

- annual payments of $50,000 on each anniversary date, August 5th, for the first four years, payable by the Company in either cash or common shares of the Company ("Performance Shares"), or any combination thereof, in its sole discretion (paid in cash);
- payment of $50,000 for each new discovery of a kimberlite pipe or dyke on the Property, payable by the Company in either cash or Performance Shares, or any combination thereof, in its sole discretion;
- issue 166,667 (500,000 pre-consolidation) Performance Shares on completion of an inferred mineral resource estimate by a qualified independent geologist or mining engineer of not less than 5,000,000 tonnes on each kimberlite pipe or dyke; and
- issue 166,667 (500,000 pre-consolidation) Performance Shares upon completion of a feasibility study.

Expressed in Canadian Dollars

4. Exploration and evaluation assets (continued)

During the year ended February 28, 2018, the Company allowed the Prospecting Permits in connection with the Agreement to expire, however, the Company staked mineral claims on the same geographic area. The newly staked claims, therefore, act as a continuance of exploration and evaluation activity on the Company's Nunavut property.

Contwoyto Property in Nunavut, Canada

During the year ended February 28, 2018, the Company signed a property purchase agreement to acquire an undivided interest in the Contwoyto Property that contains the potential for diamond-bearing kimberlites along with historical gold occurrences from North Arrow Minerals Inc. ("North Arrow"), in consideration for $100,000 total Cash Payments and the issuance of 333,333 (1,000,000 pre-consolidation) shares of the Company on the following schedule:

- On Closing: $50,000 cash (paid); and
  166,667 (500,000 pre-consolidation) common shares (issued)
- On or before December 15, 2018: $50,000 cash; and
  166,667 (500,000 pre-consolidation) common shares (issued)

In further consideration of the Contwoyto Property, the Company agreed to:

- grant North Arrow a 1% GOR/NSR (gross overriding royalty/net smelter return) and purchase half the royalty (0.5%) for $1-million at any time. Butterfly Interests included in the property carry a 5% royalty subject to terms of specific royalty agreements;
- issue 166,667 (500,000 pre-consolidation) common shares to North Arrow upon reporting an inferred resource greater than 250,000 gold ounces within an already established mineralized zone; and
- issue 166,667 (500,000 pre-consolidation) common shares to North Arrow upon reporting an inferred resource greater than 250,000 gold ounces outside of the established mineralized zone, but within the area of interest.

	Acquisition	Exploration	Total
Balance, February 28, 2017	**$ -**	**$ -**	**$ -**
Acquisition costs	167,151	-	167,151
Fieldwork	-	262,539	262,539
Drilling	-	96,025	96,025
Geology	-	60,297	60,297
Community relations	-	150	150
Assay	-	8,419	8,419
Rental	-	21,281	21,281
Permits	-	1,243	1,243
Travel and support		6,159	6,159
Balance, February 28, 2018	**$ 167,151**	**$ 456,113**	**$ 623,264**

Expressed in Canadian Dollars

5. Share capital

a) Common shares

The Company's articles authorize an unlimited number of Class "A" common shares without par value.

Effective May 29, 2018, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every three (3) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). As a result of the Share Consolidation, the number of shares, warrants and options presented in these financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all historic years presented.

A summary of changes in common share capital in the years is as follows:

	Number of shares	Amount
Balance, February 29, 2016	**6,628,611**	**$ 1,435,160**
Shares issued for cash	3,357,213	1,177,680
Subscriptions receivable	-	(6,750)
Value of attached warrants	-	(12,260)
Flow-through premium liability	-	(44,550)
Shares issued for exploration property	166,667	75,000
Share issuance costs	-	(65,181)
Finders warrants issued	-	(18,006)
Balance, February 28, 2017	**10,152,491**	**$ 2,541,093**
Shares issued in private placements	4,987,380	1,275,940
Share issuance costs	-	(95,597)
Finders warrants issued	-	(18,442)
Flow-through premium liability	-	(39,740)
Shares issued for property	333,333	102,500
Balance at February 28, 2018	**15,473,204**	**$ 3,740,504**

During the year ended February 28, 2018, the Company issued 333,333 (1,000,000 pre-consolidation) common shares for property acquisition (note 4).

On November 8, 2017, the Company closed the financing previously reported on October 20, 2017, for gross proceeds totalling $646,440. The Company issued 662,333 (1,987,000 pre-consolidation) flow-through common shares ("FT Units") at a price of $0.27 ($0.09 pre-consolidation) per common share. In addition, the Company issued 2,226,714 (6,680,143 pre-consolidation) non-flow-through common share units ("NFT Units") at a price of $0.21 ($0.07 pre-consolidation) per unit. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.33 ($0.11 pre-consolidation) per share, expiring on November 8, 2018.

Expressed in Canadian Dollars

5. Share capital (continued)

a) Common shares (continued)

On June 28, 2017, the Company issued 2,098,333 (6,295,000 pre-consolidation) units at a price of $0.30 ($0.10 pre-consolidation) per unit. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.54 ($0.18 pre-consolidation) per share, expiring on June 28, 2019.

Share capital transactions during the year ended February 28, 2017:

On December 19, 2016, the Company issued 223,333 (670,000 pre-consolidation) non-flow-through common share units ("NFT Units") at a price of $0.33 ($0.11 pre-consolidation) per unit for gross proceeds of $73,700 and 594,000 (1,782,000 pre-consolidation) flow-through units ("FT Units") at a price of $0.405 ($0.135 pre-consolidation) cents per share for gross proceeds of $240,570. Each NFT and FT Units consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.45 ($0.15 pre-consolidation) per share for 12 months from the date of issue, expiring on December 19, 2017.

On August 12, 2016, the Company closed a non-brokered private placement of 2,203,213 (6,609,639 pre-consolidation) non-flow-through units ("NFT Units") at a price of $0.33 ($0.11 pre-consolidation) per NFT Unit for gross proceeds of $727,060 and 336,667 (1,010,000 pre-consolidation) flow-through units ("FT Units") at a price of $0.405 ($0.135 pre-consolidation) per FT unit for gross proceeds of $136,350. Each NFT Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.45 ($0.15 pre-consolidation) for a period of twelve months from the date of issuance of the warrant. Each FT Unit consists of one common share and one-half of one common share purchase warrant.

b) Warrants

A summary of share purchase warrant activity in the years is as follows:

	Number of warrants	Weighted average exercise price
Balance, February 29, 2016	**465,777**	**$ 0.45**
Expired	(465,767)	0.45
Issued	1,784,408	0.45
Balance, February 28, 2017	1,784,408	0.45
Expired	(1,784,408)	0.45
Issued	4,551,360	0.43
Balance, February 28, 2018	**4,551,360**	**$ 0.43**

Expressed in Canadian Dollars

5. Share capital (continued)

b) Warrants (continued)

As part of the November 8, 2017 NFT Unit and FT Unit private placement, the Company issued 2,226,714 (6,680,143 pre-consolidation) warrants and 157,613 (472,840 pre-consolidation) finder's warrants. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.33 ($0.11 pre-consolidation) until November 8, 2018.

As part of the June 28, 2017 private placement, the Company issued 2,098,333 (6,295,000 pre-consolidation) warrants and 68,700 (206,100 pre-consolidation) finder's warrants. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.54 ($0.18 pre-consolidation) until June 28, 2019.As part of the December 19, 2016 NFT Unit and FT unit private placement, the Company issued 408,667 (1,226,000 pre-consolidation) warrants. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.45 ($0.15 pre-consolidation) until December 19, 2017. In connection with this private placement the Company issued an aggregate of 39,247 (117,740 pre-consolidation) finders' warrants. The finders' warrants entitle the finders to purchase one common share of the Company at a price of $0.45 ($0.15 pre-consolidation) until December 19, 2017. The fair value of finders' fees granted was $3,627 and was recorded as offset against share capital during year ended February 28, 2017.

As part of the August 12, 2016 NFT Unit and FT Unit private placement, the Company issued 1,269,940 (3,809,819 pre-consolidation) warrants. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.45 ($0.15 pre-consolidation) until August 12, 2017. In connection with this private placement the Company issued an aggregate of 66,555 (199,666 pre-consolidation) finders' warrants. The finders' warrants entitle the finders to purchase one common share of the Company at a price of $0.45 ($0.15 pre-consolidation) until August 12, 2017. The fair value of finders' fees granted was $14,379 and was recorded as offset against share capital during year ended February 28, 2017.

A summary of the warrants outstanding and exercisable is as follows:

February 28, 2018			**February 28, 2017**		
Exercise Price	**Number of warrants**	**Remaining contractual life (years)**	**Exercise Price**	**Number of warrants**	**Remaining contractual life (years)**
$ 0.54	2,098,333	1.33	$ 0.45	1,269,940	0.32
0.54	68,700	1.33	0.45	66,555	0.02
0.33	2,226,714	0.69	0.45	408,667	0.18
0.33	157,613	0.69	0.45	39,247	0.02
$ 0.43	**4,551,360**	**1.00**	**$ 0.45**	**1,784,408**	**0.27**

c) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the

Expressed in Canadian Dollars

5. Share capital (continued)

c) Stock options (continued)

Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted. All options vest when granted unless otherwise specified by the Board of Directors. A summary of stock option activity in the years is as follows:

	Number of options		Weighted average exercise price
Balance, February 29, 2016	**633,333**	**$**	**0.33**
Issued	183,334		0.44
Balance, February 28, 2017	**816,667**	**$**	**0.36**
Cancelled	(100,000)		0.44
Outstanding options, February 28, 2018	716,667		0.34
Exercisable options, February 28, 2018	**711,112**	**$**	**0.34**

On October 24, 2016, the Company granted incentive stock options a director to acquire an aggregate of 16,667 (50,000 pre-consolidation) common shares, vesting 1/3 on grant date, 1/3 on October 25, 2017 and 1/3 on October 25, 2018. The options are exercisable at a price of $0.435 ($0.145 pre-consolidation) cents per share for a period of five years.

On October 24, 2016, the Company granted incentive stock options consultants to acquire an aggregate of 66,667 (200,000 pre-consolidation) common shares, vesting 1/4 on January 25, 2017, 1/4 on April 25, 2017, 1/4 on July 25, 2017 and 1/4 on October 25, 2017. The options are exercisable at a price of $0.435 ($0.145 pre-consolidation) cents per share for a period of five years.

On August 22, 2016, the Company granted incentive stock options consultants to acquire an aggregate of 100,000 (300,000 pre-consolidation) common shares, vesting 1/4 on November 23, 2016, 1/4 on February 23, 2017, 1/4 on May 23, 2017 and 1/4 on August 23, 2017. The options are exercisable at a price of $0.435 ($0.145 pre-consolidation) cents per share for a period of five years.

These incentive stock options have been granted in accordance with the Company's stock option plan. The estimated fair value of the stock options granted during the year ended February 28, 2017 was recognized as share-based payment expense in the amount of $37,250. During the year ended February 28, 2018, $23,176 (2017 - $44,043) was recognized as share-based payment expense in connection with options granted in the prior year, which vest in the current year.

Expressed in Canadian Dollars

5. Share capital (continued)

c) Stock options (continued)

The fair values of the options granted and vested during the years ended February 28, 2018 and 2017 were calculated using Black-Scholes model with the following weighted average assumptions:

	February 28, 2018	February 28, 2017
Weighted average assumptions:		
Risk-free interest rate	0.92%	0.92%
Forfeiture rate	0%	0%
Expected dividend yield	0%	0%
Expected option life (years)	5.00	5.00
Expected stock price volatility	118%	118%
Share price on grant date	$0.36	$0.36
Fair market value of the option on grant date	$0.30	$0.30

A summary of the options outstanding is as follows:

February 28, 2018			February 28, 2017		
Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
$ 0.33	633,333	2.88	$ 0.33	633,333	3.88
-	-	-	0.44	100,000	4.48
0.44	83,334	3.66	0.44	83,334	4.66
$ 0.34	**716,667**	**2.97**	**$ 0.36**	**816,667**	**4.04**

Subsequent Stock Option Grant

Subsequent to February 28, 2018, the Company entered into a financial consulting agreement with an arms length consultant, for a two year initial term commencing in March 2018 and automatic one year renewal terms, under which the Company shall incur a monthly consulting fee of $5,000. In connection with the agreement, the Company has granted incentive stock options to the consultant, for the option to purchase up to 765,000 (2,295,000 pre-consolidation) common shares, vesting 1/3 on March 6, 2018, 1/3 on March 6, 2019, and 1/3 on March 6, 2020. The options are exercisable at a price of $0.30 ($0.10 pre-consolidation) cents per common share, for a period of five years.

6. Financial instruments and risk management

The Company is exposed to the following financial risks:

i) Market risk
ii) Credit risk
iii) Liquidity risk

6. Financial instruments and risk management (continued)

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, commodity price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian dollars. Management has assessed that the Company's current exposure to currency risk as low, but acknowledges this may change in the future.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be minimal.

Commodity price risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

Expressed in Canadian Dollars

6. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash are held with financial institutions in Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at February 28, 2018, all of the Company's account payable and accrued liabilities of $186,061 are due within one year.

Determination of fair value

The statement of financial position carrying amounts for cash and accounts payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Financial assets and liabilities measured at fair value are grouped into three Levels or a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: unobservable inputs for the asset or liability.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

As at February 28, 2018:

Asset:	Level 1	Level 2	Level 3	Total
Cash	$ 50,178	-	-	$ 50,178

As at February 28, 2017:

Asset:	Level 1	Level 2	Level 3	Total
Cash	$ 76,734	-	-	$ 76,734

Expressed in Canadian Dollars

7. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the years ended	February 28, 2018	February 28, 2017
Management fees paid to companies controlled by directors, officers, and former officers	**$ 144,000**	$ 242,637
Professional fees paid to companies controlled by an officer and a former officer	**30,650**	42,348
Geological consultation fees to companies controlled by an officer and director – capitalized to exploration and evaluation assets	**125,508**	157,506
Share based payments	**1,850**	46,483
	$ 302,008	$ 488,974

Key management compensation

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel is summarized below:

For the years ended	February 28, 2018	February 28, 2017
Short term benefits	**$ 300,158**	$ 442,491
Share-based payments	**1,850**	46,483
	$ 302,008	$ 488,974

At February 28, 2018, accounts payable and accrued liabilities include $83,771 (2017 - $100,421) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

Expressed in Canadian Dollars

8. Income taxes

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	February 28, 2018	February 28, 2017
Combined statutory tax rate	26.00%	26.00%
Income tax recovery at combined statutory rate	$ (141,228)	$ (166,762)
Permanent differences and other	80,752	(106,645)
Tax rate changes	(17,388)	-
Flow-through renunciation	46,496	98,000
Tax benefits not recognized	31,368	175,407
Provision for income taxes	$ -	$ -

Significant components of the Company's unrecognized deferred tax assets (liabilities) are as follows:

	February 28, 2018		February 28, 2017	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Non-capital loss carry forwards	$ 2,328,794	$ 628,774	$ 1,720,244	$ 447,263
Share issuance costs	135,373	36,551	83,415	21,688
Exploration and evaluation assets	(725,383)	(195,853)	(118,643)	(30,847)
Total gross deferred income tax assets	1,738,784	469,472	1,685,016	438,104
Less: unrecognized deferred income tax assets	(1,738,784)	(469,472)	(1,685,016)	(438,104)
Total deferred income tax assets	$ -	$ -	$ -	$ -

As at February 28, 2018, the Company had approximately $2,329,00 (2017 - $1,720,00) non-capital loss carry forwards available to reduce taxable income for future years. These losses expire as follows:

February 28, 2031	$ 11,000
February 28, 2032	98,000
February 28, 2033	192,000
February 28, 2034	97,000
February 28, 2035	434,000
February 29, 2036	215,000
February 29, 2037	673,000
February 28, 2038	609,000
	$ 2,329,000

8. Income taxes (continued)

During the year ended February 28, 2018, the Company issued flow-through common shares of $178,830 (2017 - $376,920) and renounced $178,830 (2017 - $376,920) of resources expenditures (Notes 5 (a) and 9). Expenditures related to the use of flow-through share proceeds are included in exploration and evaluation assets but are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. As at February 28, 2017, the Company had $63,800 in unspent flow-through funds, which the Company incurred during the year ended February 28, 2018.

9. Flow-through premium liability

During the year ended February 28, 2018, the Company issued 662,333 (1,987,000 pre-consolidation) flow-through units (note 5 (a)) for gross proceeds of $178,830 and recognized a deferred flow-through premium of $39,740, noncash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units. As at February 28, 2018, the Company had incurred the required eligible exploration expenditures relating to these flow-through shares.

During the year ended February 28, 2017, the Company issued 930,667 (2,792,000 pre-consolidation) flow-through units (Note 5 (a)) for gross proceeds of $376,920 and recognized a deferred flow-through premium of $69,800, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units. As at February 28, 2017, the flow-through premium liability outstanding relating to these flow-through shares was $11,881.

10. Capital management

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 sourcing and development of various businesses. The Company does not have any externally imposed capital requirements to which it is subject.

As at February 28, 2018, the Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash on hand.

11. Subsequent events

Lawyers Property

Subsequent to February 28, 2018, the Company received final acceptance from the TSX Venture Exchange of its option and joint venture letter agreement (the "OJVA") with PPM Phoenix Precious Metals Corp. ("PPM") for the Company's option to acquire from PPM up to a 75% interest in the Lawyers Property, B.C. (the "Lawyers Property") over three years.

Pursuant to the OJVA, the Company will pay to PPM a sum of $200,000 (paid - which is credited towards the Company's earn-in requirements below), and issue to PPM the first instalment of 1.0 million (post consolidation) common shares (issued). The Company will have a period of one year to incur an additional $1.8 million in exploration expenditures on the Lawyers Property, and must incur a total of $5.0 million by June 6, 2021 to acquire its first 51% interest in the project. The Company may acquire an additional 9% interest (for a total interest of 60%) by issuing to PPM an additional 2.0 million common shares, and incurring a further $2.5 million in exploration

11. Subsequent events (continued)

or development expenditures by June 6, 2021, and the Company may further acquire an additional 15% (for a total interest of 75%) in the Lawyers Property by issuing to PPM an additional 1.0 million common shares, and incurring a further $1.5 million in exploration or development expenditures by June 6, 2021.

Upon the Company earning its largest interest in the Property, the parties will either enter into a joint venture agreement for the further exploration and development of the Property, or, if the Company has acquired a 75% interest, then PPM may elect to sell its 25% interest in the Property to the Company, based on either an independent valuation, or a formula set out in the OJVA based on the Company's market capitalization. The Company will be the operator of the Lawyers Property. The terms of the joint venture agreement will include provisions for the dilution of a party's interest, in the event the party does not contribute its proportionate cost share to the further exploration and development of the Lawyers Property. The interest of any party diluted to 5% or less will be automatically converted into a 2% net smelter returns royalty (the "NSR"), with the other party having the right to buy-down one-half of the NSR for $1 million.

The Company also issued 94,444 common shares to an arm's length finder in connection with the acquisition of the Lawyers Property option, and may pay a further $90,000 to the finder upon completion of the first year's minimum required exploration work of $2 million. The finder may elect to be paid the finder's fee in cash or shares. If payable in shares, then the common shares will be issued as a deemed price per share equal to the five (5) trading day volume weighted average closing price immediately preceding the date of such election, provided that in any event the issue price for the common shares cannot be less than $0.16875 per share.

Private Placement

Subsequent to February 28, 2018, the Company completed a non-brokered private placement (the "Placement") of 17,833,318 (post consolidation) units at $0.18 per unit to raise $3,210,000 in gross proceeds. Each unit consisted of one common share and one non-transferable share purchase warrant of the Company. Each warrant is exercisable to acquire one additional common share at $0.36 per share for a period of two years from the date of closing the Placement. The Company also paid finders' fees of $182,267 and issued 552,595 warrants to certain arm's length finders. All securities issued will be subject to resale restrictions until becoming free-trading on October 7, 2018.