
ALTAIR RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2018 AND 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the shareholders of Altair Resources Inc.,

We have audited the accompanying consolidated financial statements of Altair Resources Inc. which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated 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 consolidated 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 consolidated 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 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 audits 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 our 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, we consider 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Altair Resources Inc. as at March 31, 2018 and 2017, and its financial performance and cash flows for the year 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 consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Altair Resources Inc. to continue as a going concern.

Jackson and Company

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
July 27, 2018

ALTAIR RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	March 31, 2018 \$	March 31, 2017 \$
ASSETS			
Current assets			
Cash		125,261	341,323
Amounts receivable		5,599	4,233
GST receivable		4,407	10,250
Prepaid expenses		<u>16,267</u>	<u>18,633</u>
Total current assets		<u>151,534</u>	<u>374,439</u>
Non-current assets			
Property, plant and equipment	4	21,493	-
Exploration and evaluation assets	5	<u>1,253,456</u>	<u>2,253,515</u>
Total non-current assets		<u>1,274,949</u>	<u>2,253,515</u>
TOTAL ASSETS		<u>1,426,483</u>	<u>2,627,954</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	<u>387,396</u>	<u>546,161</u>
TOTAL LIABILITIES		<u>387,396</u>	<u>546,161</u>
SHAREHOLDERS' EQUITY			
Share capital	6	15,179,953	12,189,341
Share subscriptions received	6(b)	-	250,000
Share-based payments reserve		3,567,378	2,754,418
Deficit		<u>(17,708,244)</u>	<u>(13,111,966)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,039,087</u>	<u>2,081,793</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,426,483</u>	<u>2,627,954</u>

Nature of Operations and Going Concern - see Note 1

Events after the Reporting Period - see Note 11

These consolidated financial statements were approved for issue by the Board of Directors on July 27, 2018 and are signed on its behalf by:

/s/ Roy Shipes
 Roy Shipes
 Director

/s/ Bruce Reid
 Bruce Reid
 Director

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

ALTAIR RESOURCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended	
		March 31, 2018 \$	March 31, 2017 \$
Expenses			
Accounting and administration	7(b)	94,627	68,189
Audit		20,910	12,840
Bank charges		3,860	2,816
Consulting		96,755	120,688
Corporate development		30,279	69,623
Depreciation	4	4,506	-
Director and officer compensation	7(a)	341,676	224,000
Due diligence		41,680	33,000
Equipment rental		59,485	-
Investor relations		9,000	24,000
Legal		150,138	148,642
Office and miscellaneous		127,417	33,592
Personnel		356,192	17,264
Regulatory and transfer agent fees		21,691	37,775
Rent		47,414	18,744
Repairs and maintenance		21,111	-
Share-based compensation	6(d)	503,032	693,773
Shareholder costs		5,867	4,876
Travel, accommodation and meals		433,093	143,373
Vehicle rentals and maintenance		9,180	1,556
Website and internet		21,320	21,085
		<u>2,399,233</u>	<u>1,675,836</u>
Loss before other items		<u>(2,399,233)</u>	<u>(1,675,836)</u>
Other items			
Reversal of previous years' expenses	7(d)	130,866	-
Interest and miscellaneous income		24,848	-
Foreign exchange gain (loss)		(31,683)	4,550
Loss on abandonment and impairment of exploration and evaluation assets	5	(2,321,076)	-
		<u>(2,197,045)</u>	<u>4,550</u>
Net loss and comprehensive loss for the year		<u>(4,596,278)</u>	<u>(1,671,286)</u>
Basic and diluted loss per common share		<u>\$(0.09)</u>	<u>\$(0.07)</u>
Weighted average number of common shares outstanding		<u>48,997,611</u>	<u>24,721,394</u>

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

ALTAIR RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended March 31, 2018					
	Share Capital					
	Number of Shares	Amount \$	Share Subscriptions Received \$	Share-based Payments Reserve \$	Deficit \$	Total Equity \$
Balance at March 31, 2017	32,081,501	12,189,341	250,000	2,754,418	(13,111,966)	2,081,793
Common shares issued for:						
Private placement	17,500,000	3,500,000	(250,000)	-	-	3,250,000
Finders' fees	280,000	56,000	-	-	-	56,000
Share issue costs	-	(565,388)	-	309,928	-	(255,460)
Share-based compensation	-	-	-	503,032	-	503,032
Net loss for the year	-	-	-	-	(4,596,278)	(4,596,278)
Balance at March 31, 2018	49,861,501	15,179,953	-	3,567,378	(17,708,244)	1,039,087
	Year Ended March 31, 2017					
	Share Capital					
	Number of Shares	Amount \$	Share Subscriptions Received \$	Share-based Payments Reserve \$	Deficit \$	Total Equity \$
Balance at March 31, 2016	16,896,379	9,087,022	-	2,236,318	(11,440,680)	(117,340)
Common shares issued for:						
Private placements	5,860,000	1,172,000	250,000	-	-	1,422,000
Exploration and evaluation assets	4,378,217	1,404,034	-	-	-	1,404,034
Finders' fees	686,905	132,222	-	-	-	132,222
Exercise of share options	1,700,000	132,000	-	-	-	132,000
Exercise of warrants	2,560,000	179,200	-	-	-	179,200
Share issue costs	-	(92,810)	-	-	-	(92,810)
Share-based compensation	-	-	-	693,773	-	693,773
Transfer on exercise of:						
Share options	-	151,940	-	(151,940)	-	-
Warrants	-	23,733	-	(23,733)	-	-
Net loss for the year	-	-	-	-	(1,671,286)	(1,671,286)
Balance at March 31, 2017	32,081,501	12,189,341	250,000	2,754,418	(13,111,966)	2,081,793

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

ALTAIR RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended March 31,	
	2018	2017
	\$	\$
Operating activities		
Net loss for the year	(4,596,278)	(1,671,286)
Adjustments for:		
Depreciation	4,506	-
Share-based compensation	503,032	693,773
Loss on abandonment and impairment of exploration and evaluation assets	2,321,076	-
Reversal of previous years' expenses	(130,866)	-
Changes in non-cash working capital items:		
Amounts receivable	(1,366)	23,337
GST receivable	5,843	8,117
Prepaid expenses	2,366	(18,633)
Accounts payable and accrued liabilities	(59,269)	465,400
Net cash used in operating activities	(1,950,956)	(499,292)
Investing activities		
Exploration and evaluation asset expenditures	(1,289,647)	(800,908)
Purchase of equipment	(25,999)	-
Net cash used in investing activities	(1,315,646)	(800,908)
Financing activities		
Issuance of common shares	3,250,000	1,399,200
Share subscriptions received	-	250,000
Share issue costs	(199,460)	(7,810)
Net cash provided by financing activities	3,050,540	1,641,390
Net change in cash	(216,062)	341,190
Cash at beginning of year	341,323	133
Cash at end of year	125,261	341,323

Supplemental cash flow information - Note 10

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

ALTAIR RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Altair Resources Inc. (the “Company”) was incorporated under the provisions of the Company Act (British Columbia) on November 17, 2005. The Company is a publicly listed company with its common shares listed on the TSX Venture Exchange (“TSXV”) under the symbol “AVX” and the Frankfurt Exchange under the symbol “90A”. The Company’s head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties. The Company’s ability to continue as a going concern and the recoverability of the amounts capitalized as exploration and evaluation assets are dependent upon the ability of the Company to raise additional financing in order to complete the acquisition, exploration and development of its mineral property interests, the discovery of economically recoverable reserves and obtaining future profitable production or proceeds from disposition of the Company’s mineral properties. As a mineral company in the exploration stage the ability of the Company to complete the acquisition, exploration and development of its mineral property interests will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

The Company has a history of losses with no operating revenue and, as at March 31, 2018, has an accumulated deficit of \$17,708,244 and working capital deficiency of \$235,862. The Company will be required to raise additional capital in order to complete the acquisitions of the property, plant and equipment and mineral property interests referred to in Note 5, conduct exploration and development activities on its mineral property interests and maintain operations. These conditions raise significant doubt about the Company’s ability to continue as a going concern. There can be no assurances that the Company will be able to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing the Company will be required to curtail operations, exploration and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

These consolidated financial statements do not reflect any adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

See also Note 11.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

Basis of Measurement

The Company’s consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases. As at March 31, 2018 the subsidiaries of the Company were:

ALTAIR RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Epic Mining Corp. ("Epic") (inactive)	Canada	100%
Minera Panamericana S.A.C ("Panamericana")	Peru	100%
Minera Altair, S.A. de C.V. (inactive)	Mexico	100%
A.G.J.A. SH.P.K. ("AGJA") (inactive)	Kosovo	90%
Altair Mining Inc.	USA	100%

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- (ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- (iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

During fiscal 2018 management determined to record a loss on abandonment of \$882,478 (2017 - \$nil) for all costs incurred on the Cerpulje Project and an impairment provision of \$1,438,598 on the Quebec Properties.
- (iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

ALTAIR RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
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3. Summary of Significant Accounting Policies (continued)

- (v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 8.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. 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. As at March 31, 2018 and 2017, there were no decommissioning liabilities.
- (ii) The assessment of any impairment of exploration and evaluation assets and property, plant and equipment is dependent upon estimates of the recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2018 management determined to record a loss of abandonment of \$882,478 on the Cerpulje Project and an impairment of \$1,438,598 on the Quebec Properties. In fiscal 2017 management concluded there were no impairment indicators and no impairment charge was required.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at March 31, 2018 and 2017 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

ALTAIR RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets at a rate 20% for office furniture and equipment and 25% for vehicles.

Depreciation of assets commence when the plant and equipment are available for use and in the condition necessary for them to be operating in the manner intended by management. The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

ALTAIR RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. 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 or cash-generating unit 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.

Where 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, 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.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. 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. As at March 31, 2018 and 2017 the Company does not have any decommissioning obligations.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. As at March 31, 2018 and 2017 the Company does not have any investments.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities, accrued interest payable and advances are classified as other financial liabilities.

ALTAIR RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At March 31, 2018 and 2017 the Company has not classified any financial liabilities as FVTPL.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ALTAIR RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

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3. Summary of Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Effective

As at the date of these consolidated financial statements, the following standards have not been applied in these consolidated financial statements:

- (i) The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The completed standard provides for revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard. This final version of IFRS 9 will be effective for periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect that the adoption of this standard will have a significant effect on the Company's consolidated financial statements.
- (ii) IFRS 15, *Revenue from Contracts with Customers*, outlines the principles for recognizing revenue from contracts with customers. The new standard establishes a new five-step model for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard is effective for annual periods beginning on or after January 1, 2018, and is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The Company does not expect that the adoption of this standard will have a significant effect on the Company's consolidated financial statements.
- (iii) IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact of this new standard on the Company's accounting policies and consolidated financial statement presentation.

4. Property, Plant and Equipment

	Office Furniture and Equipment \$	Vehicle \$	Total \$
Cost:			
Balance at March 31, 2017	-	-	-
Additions	<u>8,868</u>	<u>17,131</u>	<u>25,999</u>
Balance at March 31, 2018	<u>8,868</u>	<u>17,131</u>	<u>25,999</u>
Accumulated Depreciation:			
Balance at March 31, 2017	-	-	-
Depreciation	<u>1,115</u>	<u>3,391</u>	<u>4,506</u>
Balance at March 31, 2018	<u>1,115</u>	<u>3,391</u>	<u>4,506</u>
Carrying Value:			
Balance at March 31, 2017	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2018	<u>7,753</u>	<u>13,740</u>	<u>21,493</u>

See also Note 5(a).

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5. Exploration and Evaluation Assets (continued)

(a) ***Pioche Project, Nevada***

The Company has entered into numerous agreements under which it has acquired or will acquire a significant position in mineral leases, plant facilities and former operating mines in the Pioche, Caselton and Comet Mining Districts of Lincoln County, Nevada (the “Pioche Project”). The agreements comprising the Pioche Project are as follows:

- (i) On April 4, 2017, as amended, the Company entered into an asset purchase agreement (the “Asset Purchase Agreement”) to acquire the assets comprising the Pan American Zinc Mine and the Caselton Concentrator located in the Comet and Caselton Mining Districts of Lincoln County near Pioche, Nevada, USA. The Company has agreed to a purchase price of US \$1,425,000, of which \$221,965 (US \$165,000) was paid as at March 31, 2018. The remaining balance owing was scheduled to be paid in staged amounts, with a payment of US \$60,000 on December 1, 2017 (unpaid) and, thereafter, to be paid in quarterly installments of US \$100,000 beginning January 1, 2018 (unpaid) and bearing simple interest at 5% per annum until paid in full. The Company has been made aware that there is uncertainty over the surface rights under the Caselton Concentrator. The Company has filed a quiet title action over the surface rights and has advised the vendor that it will not make any further payments or proceed to close the Asset Purchase Agreement until the quiet title issue is resolved.
- (ii) On May 17, 2017 the Company entered into an assignment and assumption agreement (the “Prince Assignment”) of the lease and option to purchase agreement (the “Prince Option”) over the Prince Mine, located in Pioche Mining District, Lincoln County, Nevada, USA. The Prince Option, dated November 6, 2010, was originally held by International Silver Inc. (“ISI”), a private Arizona corporation and Prince Mine LLC (“Prince”), a private Nevada corporation. Under the Prince Option, ISI leased the Prince Mine at a cost of US \$50,000 per year with an option to purchase the Prince Mine for US \$2,750,000. Under the terms of the Prince Assignment the Company paid Prince US \$200,000, representing unpaid lease payments, and the Prince Option was assigned to the Company and extended to November 1, 2022. The Prince Option continues in effect with annual lease payments of US \$50,000 (US \$50,000 paid as at March 31, 2018).

The Prince Mine is comprised of 12 patented lode claims.

The Company’s President and CEO is a director, officer and shareholder of ISI.

- (iii) On June 15, 2017 the Company signed an agreement and purchased five mining claims in the Comet Mining District in Lincoln County, Nevada, USA, for a purchase price of US \$50,000.
- (iv) On August 12, 2017 the Company entered into an asset purchase agreement (the “Atlas Asset Purchase Agreement”) with Atlas Precious Metals Inc. (“Atlas”) to acquire the assets comprising a solvent extraction plant (the “S/X Plant”). Pursuant to the terms of the Atlas Asset Purchase Agreement the Company has agreed to acquire the S/X Plant in consideration for the Company making payments of: (i) US \$150,000 cash (US \$80,000 paid as at March 31, 2018) and; (ii) US \$270,000 payable by issuance of the Company’s common shares (the “Consideration Shares”) at a deemed value of \$0.40 per Consideration Share.

Closing of the Atlas Asset Purchase Agreement is awaiting financing by the Company.

The Company’s President and CEO, is a director, officer and shareholder of Atlas.

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5. Exploration and Evaluation Assets (continued)

(b) ***Cerpulje Project, Kosovo***

During fiscal 2016 the Company signed an option agreement, as amended (the “Cerpulje Agreement”), to acquire a 90% interest in the common shares of AGJA, a private company registered in the Republic of Kosovo. During fiscal 2017 the Company completed the purchase of the 90% interest in AGJA by paying a total of \$390,576 (US \$300,000). AGJA holds an exploration license (the “Cerpulje Project”) in the Republic of Kosovo. The Company also paid a finder’s fee of \$19,557 (US \$15,000).

During fiscal 2018 the Company has determined to record a loss on abandonment of \$882,478 for all costs incurred on the Cerpulje Project.

(c) ***Quebec Properties***

During fiscal 2017 the Company acquired mineral resource properties (the “Quebec Properties”) located in the Abitibi area of the province of Quebec, as follows:

(i) ***White Hills Property***

On May 4, 2016 the Company signed a purchase agreement to acquire 77 contiguous mineral claims (the “White Hills Property”). On May 26, 2016 the Company completed the purchase by paying \$10,000 cash and issued 1,000,000 common shares at a fair value of \$610,000. The Company also paid a finder’s fee by issuance of 91,837 common shares at a fair value of \$56,020.

(ii) ***Kino Property, Quebec***

On May 17, 2016 the Company signed a purchase agreement to acquire 40 contiguous mineral claims (the “Kino Property”). On June 9, 2016 the Company completed the purchase by paying \$10,000 cash and issued 300,000 common shares at a fair value of \$126,000. The Company also paid a finder’s fee by issuance of 30,000 common shares at a fair value of \$12,600.

(iii) ***Mathers Property, Quebec***

On June 7, 2016 the Company signed a purchase agreement to acquire 213 contiguous mineral claims (the “Mathers Property”). On June 27, 2016 the Company completed the purchase by paying \$30,000 cash and issued 500,000 common shares at a fair value of \$150,000. The Company also paid a finder’s fee by issuance of 56,380 common shares at a fair value of \$16,914.

(iv) ***Tilia Property, Quebec***

On June 20, 2016 the Company signed a purchase agreement to acquire 38 mineral claims (the “Tilia Property”). On July 15, 2016 the Company completed the purchase by paying \$20,000 cash and issued 500,000 common shares at a fair value of \$95,000. The Company also issued 56,000 common shares as a finder’s fee at a fair value of \$10,640.

(v) ***Virium Property, Quebec***

On October 17, 2016 the Company signed a purchase agreement to acquire 40 mineral claims (the “Virium Property”). On November 23, 2016 the Company made an initial \$10,000 cash payment, issued 1,400,000 common shares of the Company at a fair value of \$245,000 and also issued 151,000 common shares as a finder’s fee at a fair value of \$26,425. On December 22, 2016 the Company completed the purchase by making the final \$10,000 cash payment.

During fiscal 2018 the Company determined to record an impairment of \$1,438,598 to reduce the carrying value of the Quebec Properties to a nominal amount of \$1.

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5. Exploration and Evaluation Assets (continued)

(d) ***Lejin Property, Peru***

On May 24, 2016, as amended, the Company signed an agreement (the “Lejin Agreement”) to acquire all of the issued and outstanding common shares of Epic. On October 5, 2016 the Company received TSXV approval and the Company subsequently completed the acquisition by paying \$50,000 cash and issuing 500,000 common shares of the Company at a fair value of \$92,500. The Company also paid a finder’s fee by issuing 54,905 common shares at a fair value of \$10,157.

Epic beneficially owns 100% of Panamericana which holds 100% of the rights, title and interest in the Lejin Property located in Peru.

6. Share Capital

(a) ***Authorized Share Capital***

The Company’s authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Equity Financings***

Fiscal 2018

During fiscal 2018 the Company completed a non-brokered private placement of 17,500,000 units at \$0.20 per unit for \$3,500,000. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of \$0.26 per share for a period of three years after the closing. The Company has determined the fair value of the warrant component of the private placement to be \$nil. Officers and directors of the Company purchased 750,000 units for \$150,000.

The Company paid finders’ fees of \$180,180 cash, issued 280,000 common shares at a fair value of \$56,000 and issued 900,900 warrants to the finders (“finders’ warrants”) in connection with this offering. The finders’ warrants have the same terms as the private placement warrants. The fair value of the finders’ warrants has been estimated with a fair value of \$309,928 using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.82%; expected volatility of 172.16%; an expected life of three years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The Company also incurred \$19,280 for legal and filing costs associated with the private placement.

As at March 31, 2017 the Company had received \$250,000 on account of the private placement.

Fiscal 2017

During fiscal 2017 the Company completed non-brokered private placements as follows:

- (i) 4,500,000 units at \$0.20 per unit for \$900,000. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of \$0.25 per share for a period of three years after the closing. The Company has determined the fair value of the warrant component of the private placement to be \$nil. The Company also issued 425,000 common shares at an ascribed value of \$85,000 as finder’s fees.

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6. Share Capital (continued)

- (ii) 1,360,000 units, at \$0.20 per unit for \$272,000. Each unit consisted of one common share of the Company and one common share purchase warrant entitling the holder to purchase an additional common share at an exercise price of \$0.25 per share on or before August 16, 2019. The Company has determined the fair value of the warrant component of the private placement to be \$nil

The Company incurred \$7,810 for costs associated with these private placements.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2018 and 2017 and the changes for the years ended on those dates, is as follows:

	2018		2017	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	18,276,000	0.18	14,976,000	0.13
Issued	18,400,900	0.26	5,860,000	0.25
Exercised	-	-	(2,560,000)	0.07
Balance, end of year	36,676,900	0.22	18,276,000	0.18

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at March 31, 2018:

Number	Exercise Price \$	Expiry Date
293,333	1.50	April 30, 2019
146,667	1.50	June 30, 2019
176,000	1.50	July 7, 2019
1,360,000	0.25	August 16, 2019
2,500,000	0.25	December 14, 2019
1,000,000	0.25	January 5, 2020
750,000	0.25	January 10, 2020
250,000	0.25	January 16, 2020
11,180,000	0.26	April 7, 2020
2,147,000	0.26	April 18, 2020
100,000	0.26	April 28, 2020
2,693,750	0.26	May 11, 2020
1,070,000	0.26	May 16, 2020
1,210,150	0.26	May 19, 2020
5,700,000	0.07	September 9, 2020
4,950,000	0.07	October 8, 2020
1,150,000	0.07	October 13, 2020
36,676,900		

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6. Share Capital (continued)

(d) *Share Option Plan*

The Company has established a rolling share option plan (the “Plan”) in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company’s closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares

During fiscal 2018 the Company granted share options to purchase 1,935,000 (2017 - 3,150,000) common shares and recorded compensation expense of \$498,695 (2017 - \$693,773). The Company also recorded compensation expense of \$4,337 (2017 - \$nil) on the vesting of share options previously granted.

The fair value of share options granted during fiscal 2018 and 2017 was estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2018</u>	<u>2017</u>
Risk-free interest rate	0.82%	0.52% - 0.80%
Estimated volatility	169.23% - 172.16%	169.49% - 180.37%
Expected life	3 years	3 years - 4 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average fair value of all share options granted during fiscal 2018 was \$0.31 (2017 - \$0.23) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company’s share options.

A summary of the Company’s share options outstanding at March 31, 2018 and 2017 and the changes for the years ended on those dates, is as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>
Balance, beginning of year	3,050,000	0.24	1,600,000	0.07
Granted	1,935,000	0.31	3,150,000	0.24
Exercised	-	-	(1,700,000)	0.08
Expired	<u>(805,000)</u>	0.21	<u>-</u>	-
Balance, end of year	<u>4,180,000</u>	0.28	<u>3,050,000</u>	0.24

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6. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at March 31, 2018:

Number	Exercise Price \$	Expiry Date
1,170,000	0.20	July 15, 2019
675,000	0.27	January 4, 2020
200,000	0.35	January 11, 2020
1,400,000	0.31	April 18, 2020
535,000	0.30	June 6, 2020
<u>200,000</u>	0.40	June 7, 2020
<u>4,180,000</u>		

7. Related Party Disclosures

Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(i) During fiscal 2018 and 2017 the Company incurred the following compensation amounts to its current and former key management personnel:

	2018 \$	2017 \$
Mr. Roy Shipes ⁽¹⁾	176,000	40,000
Mr. Robert Naso ⁽²⁾	20,000	64,000
Mr. Zahir Dhanani ⁽³⁾	-	5,000
Mr. John Huguet ⁽⁴⁾	-	66,000
Mr. Nick DeMare ⁽⁵⁾	60,000	49,000
Mr. David McMullin ⁽⁶⁾	<u>85,676</u>	<u>-</u>
	341,676	224,000
Mr. Robert Naso - living allowances	4,469	7,747
Share-based compensation	<u>272,536</u>	<u>-</u>
	<u>618,681</u>	<u>231,747</u>

- (1) Compensation as President and CEO (appointed February 2017)
(2) Compensation as President, CEO and CFO (resigned as President and CEO, October 2016 and CFO, June 2017)
(3) Compensation as former CEO (resigned February 9, 2016)
(4) Compensation as former CEO and Chairman (to February 2017)
(5) Compensation as Corporate Secretary (also appointed interim CFO June 2, 2017)
(6) Compensation as Vice-President (appointed December 4, 2017, resigned July 10, 2018)

As at March 31, 2018, \$162,903 (2017 - \$224,508) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2017 Mr. Dhanani advanced funds totalling \$374,000 which the Company subsequently repaid \$310,000. During fiscal 2018 the Company repaid \$60,000. As at March 31, 2018, \$4,000 (2017 - \$64,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) See also Notes 5(a), 6(b) and 11(a).

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7. Related Party Disclosures (continued)

- (b) During fiscal 2018 the Company incurred a total of \$63,700 (2017 - \$62,000) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel. As at March 31, 2018, \$9,500 (2017 - \$8,000) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) During fiscal 2017 the Company incurred \$17,811 for shared personnel, office and administration costs incurred in Albania with Arian Resources Corp. ("Arian") a public company with common current and former directors and officers.
- (d) During fiscal 2017 the Company reviewed certain of its accounts payable and accrued liabilities due to former officers and directors of the Company and, accordingly, determined to reverse \$130,866 of expenses previously recognized.

8. Income Taxes

Income tax expense (recovery) is recognized based on the weighted average annual income tax rate for the year applied to pre-tax income (loss).

	2018 \$	2017 \$
Loss before income taxes	<u>(4,596,278)</u>	<u>(1,671,286)</u>
Corporate tax rate	<u>27.0%</u>	<u>26.0%</u>
Income tax benefit computed at Canadian statutory rates	1,240,995	434,534
Permanent difference	(597,682)	(696,728)
Other	759,135	968,039
Change in unrecognized tax assets	<u>(1,402,448)</u>	<u>(705,845)</u>
Actual income tax recovery	<u>-</u>	<u>-</u>

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2018 \$	2017 \$
Unrecognized deferred income tax assets		
Non-capital loss carried forward	4,056,655	2,278,827
Resource properties	1,075,547	401,661
Share issuance costs	<u>62,051</u>	<u>12,209</u>
Net unrecognized deferred income tax assets	<u>5,194,253</u>	<u>2,692,697</u>

As at March 31, 2018, the Company has non-capital losses for Canadian tax purposes of approximately \$10,129,174 (2017 - \$6,057,980) which are available to reduce taxable income in future years that expire between 2026 and 2038. In addition, the Company has United States non-capital losses of approximately \$602,000 that expire in 2038.

In addition to non-capital losses, the Company has deductible temporary differences of \$4,213,328 (2017 - \$1,591,808) for which deferred tax assets have not been recognized because it is not probable that future taxable profit will be available to utilize the benefits.

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9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); held-to-maturity investments; loans and receivables; available-for-sale and other financial liabilities. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2018 \$	March 31, 2017 \$
Cash	FVTPL	125,261	341,323
Amounts receivable	Loans and receivables	5,599	4,233
Accounts payable and accrued liabilities	Other financial liabilities	(387,396)	(546,161)

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company’s fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company’s financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

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9. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at March 31, 2018				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	125,261	-	-	-	125,261
Amounts receivable	5,599	-	-	-	5,599
Accounts payable and accrued liabilities	(387,396)	-	-	-	(387,396)

	Contractual Maturity Analysis at March 31, 2017				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	341,323	-	-	-	341,323
Amounts receivable	4,233	-	-	-	4,233
Accounts payable and accrued liabilities	(546,161)	-	-	-	(546,161)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are primarily transacted in Canadian Dollars and US Dollars. The Company maintains a US Dollar bank account with its Canadian bank to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At March 31, 2018, 1 Canadian Dollar was equal to 0.78 US Dollar.

Balances are as follows:

	US Dollars	CDN \$ Equivalent
Cash	43,784	56,455
Accounts payable and accrued liabilities	<u>(45,747)</u>	<u>(58,986)</u>
	<u>(1,963)</u>	<u>(2,531)</u>

Based on the net exposures as of March 31, 2018 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would be immaterial.

(c) Commodity Price Risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its exploration and evaluation assets described in Note 5 of these consolidated financial statements, which production is not expected in the near future.

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9. Financial Instruments and Risk Management (continued)

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The properties in which the Company currently has an interest are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities and interest income. In order for the Company to complete its acquisitions, carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

There were no changes in the Company's management of capital during fiscal 2018.

10. Supplemental Cash Flow Information

During fiscal 2018 and 2017 non-cash activities were conducted by the Company as follows:

	2018 \$	2017 \$
Operating activity		
Accounts payable and accrued liabilities	31,369	(82,649)
Investing activities		
Exploration and evaluation assets	(31,369)	(1,351)
Common shares issued for mineral property interests	-	(1,451,256)
	<u>(31,369)</u>	<u>(1,452,607)</u>
Financing activities		
Issuance of common shares	56,000	1,620,256
Share issue costs	(365,928)	(85,000)
Share-based payment reserves	309,928	(175,673)
Transfer on exercise of share options	-	151,940
Transfer on exercise of warrants	-	23,733
	<u>-</u>	<u>1,535,256</u>

11. Events after the Reporting Period

- (a) On March 27, 2018, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") with Harold Shipes, the Company's Chairman and CEO, pursuant to which the Company has agreed to purchase 16 electro-winning cells for the electro-winning of electro-manganese dioxide from Mr. Shipes for US \$80,000, payable by issuance of 2,065,600 common shares of the Company at a deemed value of \$0.05 per share. Closing of the acquisition will be subject to final documentation and submission and approval of the TSXV.
- (b) On June 15, 2018 the Company announced that it has arranged a non-brokered private placement of up to 30,000,000 units at a price of \$0.05 per unit for gross proceeds of up to \$1,500,000. Each unit will comprise one common share and one common share purchase warrant entitling the holder to purchase an additional common

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11. Events after the Reporting Period (continued)

share of the Company, at an exercise price of \$0.10 per share, for a period of two years from closing. Finder's fees may be payable on a portion of the private placement. The Company has received \$70,000 on account of the proposed private placement.

Closing of the private placement is subject to regulatory and TSXV approvals.