

Consolidated Financial Statements
(Expressed in Canadian dollars)

GENESIS METALS CORP.

Year ended March 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Genesis Metals Corp.

We have audited the accompanying consolidated financial statements of Genesis Metals Corp., which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained 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 financial position of Genesis Metals Corp. as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 24, 2017



GENESIS METALS CORP.

Consolidated Statements of Financial Position

As at March 31,

(Expressed in Canadian dollars)

	Note	2017	2016
Assets			
Current assets:			
Cash		\$ 588,130	\$ 1,122,979
Receivables		72,119	35,670
Prepaid expenses		76,673	25,021
		736,922	1,183,670
Exploration and evaluation assets	4	1,147,330	1,096,197
Equipment	5	20,997	-
		\$ 1,905,249	\$ 2,279,867
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	6	\$ 176,017	\$ 361,276
Due to related parties	8	109,656	89,783
Flow-through premium liability		-	6,274
		285,673	457,333
Shareholders' equity:			
Share capital	9	14,088,555	12,342,649
Subscriptions receivable		-	(8,300)
Share-based payments reserve	9	2,463,260	1,650,243
Deficit		(14,932,239)	(12,162,058)
		1,619,576	1,822,534
		\$ 1,905,249	\$ 2,279,867

Nature of operations and going concern (Note 1)

Commitments (Note 4)

Subsequent events (Note 13)

Approved on behalf of the Board on July 20, 2017:

“Jeff Sundar” Director
Jeff Sundar

“Robert Scott” Director
Robert Scott

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

GENESIS METALS CORP.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended March 31,

(Expressed in Canadian dollars)

	Note	2017	2016
Expenses			
Accounting and audit		\$ 82,075	\$ 41,820
Amortization	5	4,137	4,914
Consulting		54,160	166,615
Director fees		84,000	7,000
Geological exploration costs	4	618,771	100,126
Insurance		10,754	2,251
Investor relations		438,680	165,315
Professional fees		30,635	17,394
Listing and filing fees		34,097	29,178
Office and sundry		46,050	16,375
Salaries and employee benefits		332,750	73,875
Share-based payments	9(c)(d)	804,002	20,090
Travel		39,132	10,249
Operating loss		(2,579,243)	(655,202)
Other income		6,274	1,234
Write down of equipment	5	-	(13,386)
Write down of mineral property interests	4	(136,533)	(202,125)
Recovery of exploration and evaluation costs		-	10,500
Realized gain on sale of marketable securities		-	2,425
Loss on debt settlement	9	(60,679)	-
		(190,938)	(201,352)
Loss for the year		(2,770,181)	(856,554)
Gain on available-for-sale marketable securities		-	4,300
Comprehensive loss for the year		\$ (2,770,181)	\$ (852,254)
Loss per share – basic and diluted		\$ (0.07)	\$ (0.08)
Weighted average number of common shares outstanding		40,621,383	10,803,410

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

GENESIS METALS CORP.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Subscriptions receivable	Share-based payments reserve	Accumulated other comprehensive loss	Deficit	Total
Balance at March 31, 2015		8,638,333	\$ 9,667,246	\$ -	\$ 1,569,606	\$ (4,300)	\$ (11,305,504)	\$ (72,952)
Acquisition of Tawsho Mining Inc.		8,166,664	816,666	-	-	-	-	816,666
Acquisition finders' shares		679,166	67,917	-	-	-	-	67,917
Issued for cash		17,971,667	1,845,750	(8,300)	-	-	-	1,837,450
Issued for mineral properties		366,666	82,500	-	-	-	-	82,500
Share issuance costs		-	(137,430)	-	60,547	-	-	(76,883)
Share-based payments		-	-	-	20,090	-	-	20,090
Gain on sale of marketable securities		-	-	-	-	4,300	-	4,300
Net loss for the year		-	-	-	-	-	(856,554)	(856,554)
Balance at March 31, 2016		35,822,496	\$ 12,342,649	\$ (8,300)	\$ 1,650,243	\$ -	\$ (12,162,058)	\$ 1,822,534
Issued for cash	9	8,619,997	1,451,708	-	(13,958)	-	-	1,437,750
Issue for property	9	619,997	132,366	-	-	-	-	132,366
Shares for debt	9	1,356,000	230,520	-	-	-	-	230,520
Share-based payments	9	-	-	-	804,002	-	-	804,002
Share issuance costs	9	-	(68,688)	-	22,973	-	-	(45,715)
Share subscriptions received		-	-	8,300	-	-	-	8,300
Net loss for the year		-	-	-	-	-	(2,770,181)	(2,770,181)
Balance at March 31, 2017		46,418,490	\$ 14,088,555	\$ -	\$ 2,463,260	\$ -	\$ (14,932,239)	\$ 1,619,576

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

GENESIS METALS CORP.

Consolidated Statements of Cash Flows

For the years ended March 31,

(Expressed in Canadian dollars)

	Note	2017	2016
OPERATING ACTIVITIES			
Loss for the year		\$ (2,770,181)	\$ (856,554)
Items not involving cash:			
Amortization	5	4,137	4,914
Share-based payments	9	804,002	20,090
Write down of mineral property interests		136,533	202,125
Write down of equipment		-	13,386
Realized gain on sale of marketable securities		-	(2,425)
Loss on debt settlement		60,679	-
Other income		(6,274)	-
Change in non-cash working capital items:			
Receivables		(36,449)	(29,866)
Prepaid expenses		(51,652)	(20,792)
Accounts payable and accrued liabilities		(70,418)	23,871
Due to related parties		74,873	(25,680)
Cash used in operating activities		(1,854,750)	(670,931)
INVESTING ACTIVITIES			
Transaction costs paid on Plan of Arrangement		-	(23,169)
Cash acquired from Plan of Arrangement	3	-	10,192
Proceeds from sale of marketable securities		-	23,425
Acquisition of equipment		(25,134)	-
Exploration and evaluation assets		(55,300)	-
Cash provided by investing activities		(80,434)	10,448
FINANCING ACTIVITIES			
Proceeds from issuance of shares, net issuance costs	9	1,157,585	1,760,568
Proceeds from exercise of warrants	9	242,750	-
Proceeds from loans		-	71,250
Repayment of loans		-	(71,250)
Cash provided by financing activities		1,400,335	1,760,568
Change in cash		(534,849)	1,100,085
Cash, beginning of the year		1,122,979	22,894
Cash, end of the year		\$ 588,130	\$ 1,122,979
Non-cash investing and financing activities:			
Shares issued for mineral property interests	9	\$ 132,366	\$ 82,500
Fair value of finder's warrants	9	\$ 22,973	\$ 60,548
Shares issued in acquisition of Tawsho Mining Inc.	3	\$ -	\$ 816,666
Finder's' shares issued in acquisition of Tawsho Mining Inc.	3	\$ -	\$ 67,916
Transaction costs included in accounts payable		\$ -	\$ 121,239
Shares issued for debt	9	\$ 230,520	\$ -
Fair value of warrants exercised	9	\$ 13,958	\$ -

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

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

1. Nature of operations and going concern

Genesis Metals Corp. (the “Company” or “Genesis”) was incorporated under the Business Corporations Act of British Columbia on April 26, 2010 and its principal activity is the acquisition and exploration of mineral property interests in Canada. The head office of the Company is located at #1500 - 409 Granville Street, Vancouver, BC.

On March 1, 2016, the Company completed its arrangement agreement (the “Arrangement”) with Tawsho Mining Inc. (“Tawsho”) (Note 3).

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The recoverability of the amounts shown for mineral property interests is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, obtaining necessary financing to explore and develop the mineral properties, entering into agreements with others to explore and develop the mineral properties, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral properties represent acquisition costs incurred to date, less amounts recovered from third parties and impairment charges, and do not necessarily represent present or future values.

The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become payable, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Management estimates the Company has sufficient working capital to meet its liabilities for the next twelve months.

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

2. Significant accounting policies

(a) 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”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale and financial assets at fair value through profit or loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Unless otherwise stated, amounts are expressed in Canadian dollars.

These financial statements were authorized for issuance by the Board of Directors on July 20, 2017.

(b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Chevirer Metals Corp. All inter-company transactions and balances have been eliminated upon consolidation.

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(c) Financial assets

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 profit or loss.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss except for losses in value that provide objective evidence of impairment, which are recognized in profit and loss. The Company's cash and receivables are classified as loans and receivables.

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

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated present value of the future cash flows of the financial assets are less than their carrying values.

(d) Financial liabilities

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 initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's accounts payable and accrued liabilities, and amounts due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including embedded derivatives, are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(e) Exploration and evaluation expenditures

The Company is in the process of exploring its mineral property interests and has not yet determined whether these properties contain ore reserves that are economically recoverable.

All costs related to the acquisition of mineral properties, including option payments, are capitalized on an individual prospect basis. Amounts received for the sale of mineral properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. Subsequent recovery of the resulting carrying value depends on successful development or sale of the mineral property. If a mineral property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

Exploration and evaluation expenditures are recognized in profit or loss. Costs incurred before the Company has obtained legal rights to explore on areas of interest are recognized in profit or loss. Expenditures incurred by the Company in connection with the exploration and evaluation of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties. The Company has investigated title to all of its mineral properties and proposed acquisition of mineral property interests and to the best of its knowledge the properties are in good standing.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

(f) Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of 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. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Amortization on the Company's equipment is recognized at rates calculated to write off the cost of equipment, less estimated residual value, on a declining balance basis over the useful life of the assets.

Asset	Basis	Rate
Computer equipment	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Vehicles	Declining balance	30%

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.

Residual values and estimated useful lives are reviewed at least annually.

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(g) Provision for closure and reclamation

The Company recognizes statutory, contractual, legal, or other constructive obligations related to the retirement of its mineral property interests and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for changes in the discount rate of the underlying future cash flows and for unwinding of the discount. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision for closure and reclamation required for the years presented.

(h) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's long lived assets, including mineral property interests, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. 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, but to an amount that 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.

(i) Income taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(i) Income taxes (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance. Proceeds received for issuance of share units consisting of common shares and warrants are recorded based on the residual value method where common shares are valued first and any excess over market value is allocated to the warrant.

(k) Share-based payments

The cost of stock options granted to employees and directors for services received is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Expected volatility is estimated with reference to the historical volatility of the share price of the Company and, due to the short period for which the company-specific share prices are available, the share prices of a peer group of companies. These estimates involve inherent uncertainties and the application of management judgment. The costs are recognized over the vesting period of the option. The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date. The corresponding credit for these costs is recognized in the share-based payment reserve in shareholders' equity.

Share based compensation arrangements in which the Company receives other goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received 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.

(l) Flow-through shares

Proceeds from flow-through shares issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the amount the investor pays for the shares and the quoted price of the Company's common shares. A liability is recognized for any premium and is reduced on a pro-rata basis as expenditures are incurred.

(m) Loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period.

The computation of the 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 the loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by assuming that the proceeds would be used to purchase common shares at the average market price during the period.

Since the Company has losses, the effect of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(n) Use of estimates and judgments

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgements and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: recoverability and impairment of mineral property interests, the assessment and consideration of the Tawsho Acquisition as an asset acquisition or a business combination, and valuation of share-based payments.

Significant assumptions and critical judgements exercised in applying accounting policies relate to, but are not limited to, the following:

- The carrying value and the recoverability of mineral property interests, which are included in the statements of financial position;
- The application of the inputs used in accounting for share-based compensation expense which is included in the statements of loss and comprehensive loss. These estimates are derived using the Black-Scholes option pricing model or are based on the value of comparable goods and services. Inputs are determined using readily available market data.
- Management has had to apply judgement relating to the acquisition during the year with respect to whether the Tawsho Acquisition was a business combination or an asset acquisition. Management applied a three element process to determine whether a business or an asset was purchased, considering inputs, processes, and outputs of the acquisition in order to reach a conclusion.

(o) Foreign currency translation

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each statement of financial position date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

(p) Accounting standards

There were no new or amended standards adopted in the current period. The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended March 31, 2017:

- | | |
|-----------|--|
| • IFRS 7 | Amendment to require additional disclosures on transition from IAS 39 and IFRS 9, effective January 1, 2018. |
| • IFRS 9 | Financial instruments standard that replaces IAS 39 for classification and measurement of financial assets, effective January 1, 2018. |
| • IFRS 16 | Financial instruments standard that replaces IAS 17 requiring lessee to recognize assets and liabilities for all leases on its balance sheet, effective January 1, 2019. |
| • IAS 12 | Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses, effective January 1, 2017. |

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

3. Acquisition of Tawsho Mining Inc.

Tawsho was a publicly traded corporation, with its shares listed on the TSX Venture Exchange (“TSX Venture”), which was engaged in the acquisition, exploration and development of properties for the mining of precious and base metals in Canada.

Pursuant to the Arrangement, the Company acquired all of the issued and outstanding common shares of Tawsho on March 1, 2016 in consideration for 8,166,664 common shares of the Company for each Tawsho common share issued and outstanding. This transaction was treated as an asset acquisition.

In addition, outstanding options and warrants to purchase Tawsho common shares were converted into options and warrants to purchase Genesis common shares, with appropriate adjustments to reflect the Share Exchange Ratio (0.23 Genesis common shares for each Tawsho common share). The incremental value of the outstanding options and warrants to purchase Tawsho common shares is calculated to be \$Nil.

Purchase Price:	
Fair value of 8,166,664 common shares	\$ 816,666
Fair value of 679,166 finders' common shares	67,916
Transaction costs	144,411
Total Purchase Price	\$ 1,028,993
Purchase Price Allocation:	
Cash	\$ 10,196
Receivables	3,347
Prepaid expenses	3,200
Equipment	618
Exploration and evaluation assets	1,096,197
Accounts payable and accrued liabilities	(78,291)
Flow-through premium liability	(6,274)
Total Purchase Price Allocated	\$ 1,028,993

The fair value of the Company's shares was calculated based on the value of shares issued with the concurrent non-brokered private placement.

4. Exploration and evaluation assets

Balance consists of:

	Chevrier Gold, Quebec	October Gold, Ontario	Hygrade Property, Quebec	Total
Balance, March 31, 2015	\$ -	\$ 119,625	\$ -	\$ 119,625
Additions	1,096,197	82,500	-	1,178,697
Write-down	-	(202,125)	-	(202,125)
Balance, March 31, 2016	\$ 1,096,197	\$ -	\$ -	\$ 1,096,197
Additions	-	136,533	51,133	187,666
Write-down	-	(136,533)	-	(136,533)
Balance, March 31, 2017	\$ 1,096,197	\$ -	\$ 51,133	\$ 1,147,330

GENESIS METALS CORP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

(a) Chevrier Gold, Quebec

On March 1, 2016, the Company acquired all the issued and outstanding shares in Tawsho (Note 3) which holds 100% interest in the Chevrier Gold Project. In exchange, the Company issued 8,166,664 common shares valued at \$816,666, 679,166 finders' common shares valued at \$67,916, and paid \$144,411 for total consideration of \$1,028,993 to the Tawsho shareholders. The share consideration was allocated to the net assets of the Tawsho, with \$1,096,197 allocated to the Chevrier Gold property.

The Chevrier Gold Property consists of various contiguous mining claims and is located in the Province of Quebec. Some of these claims are subject to royalties ranging from 7.5% - 10% on net profits of production and a 0.5% on the net smelter return royalties ("NSR").

(b) October Gold, Ontario

On September 9, 2011, the Company entered into an option agreement, subsequently amended, to acquire a 100% interest in mineral rights to the October Gold property located within the Abitibi belt in Ontario. In order to earn its interest, the Company is required to make payments and issue common shares as follows:

Date	Cash Payments	Number of Shares
April 12, 2012	\$ 50,000 (paid)	5,556 (issued)
April 12, 2013	25,000 (paid)	25,000 (issued)
May 06, 2015	- -	366,667 (issued)
April 12, 2016	30,000 (paid)	453,331 (issued)
Total	\$ 105,000	850,554

The 453,331 common shares had a value of \$106,533 which was capitalized to exploration and evaluation assets.

The Company is also required to fulfill annual work commitments of \$520,400 by April 12 of each year on the claims to keep the property in good standing.

In the event these work commitments are not fulfilled, the number of claims comprising the October Gold property will be reduced accordingly. The Company has incurred the required exploration expenditures up to April 12, 2013.

The spending requirements thereafter have been and are on special hold status pending the completion of a Memorandum of Understanding with various First Nation parties.

Following the exercise of the option, the Company is required to issue 50,000 additional common shares of the Company upon filing a technical report under National Instrument 43-101 demonstrating mineral resources on the October Gold property and 83,333 additional common shares of the Company upon filing a bankable feasibility study.

Upon exercise of the option, the optionors are entitled to a 3.0% NSR of which 2.0% can be repurchased by the Company on payment of \$500,000 for each 1% NSR.

During the year ended March 31, 2017, the Company impaired its October Gold property by \$136,533 (2016 - \$202,125) to \$nil as no exploration expenditures were incurred on the property and no expenditures were budgeted for the upcoming fiscal year.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2017
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4. Exploration and evaluation assets (continued)

(c) Hygrade Property, Quebec

The Hygrade Property, located near Chibougamau, Quebec, is comprised of certain contiguous claims. On February 1, 2017, the Company entered into a property purchase and sale agreement to acquire a 100% interest in the Hygrade Property from Les Ressources Tectonic Inc. ("Tectonic") by making a cash payment to Tectonic of \$25,000 (paid), issuing 166,666 common shares to Tectonic valued at \$25,833 (issued), and granting a 2% NSR to Tectonic, which may be decreased to 1% at any time by paying Tectonic the sum of \$1,500,000.

Exploration and evaluation expenditures are as follows:

Year ended March 31, 2017	Chevrier, Quebec	October Gold, Ontario	Other, Ontario*	Total
Analysis	\$ 42,804	\$ -	\$ -	\$ 42,804
Claim maintenance	11,088	-	-	11,088
General field and camp costs	53,424	-	1,868	55,292
Geological consulting and contractors	434,787	550	51,000	486,337
Permitting	1,862	-	-	1,862
Travel	21,388	-	-	21,388
Total	\$ 565,353	\$ 550	\$ 52,868	\$ 618,771

Year ended March 31, 2016	Chevrier, Quebec	October Gold, Ontario	Other, Ontario*	Total
Analysis	\$ 343	\$ -	\$ 2,744	\$ 3,087
General field and camp costs	-	-	5,809	5,809
Geological consulting and contractors	82	-	91,148	91,230
Total	\$ 425	\$ -	\$ 99,701	\$ 100,126

*Other costs are for general exploration.

5. Equipment

	Computer Equipment	Furniture & Fixtures	Vehicles	Field Equipment	Total
Cost					
At March 31, 2015	\$ 19,703	\$ 9,066	\$ 33,473	\$ -	\$ 62,242
Assets acquired from the Arrangement	319	300	-	-	619
Write down of equipment	(20,022)	(9,366)	(33,473)	-	(62,861)
At March 31, 2016	-	-	-	-	-
Additions	-	6,798	14,736	3,600	25,134
At March 31, 2017	\$ -	\$ 6,798	\$ 14,736	\$ 3,600	\$ 25,134
Accumulated Amortization					
At March 31, 2015	\$ 14,282	\$ 5,034	\$ 25,245	\$ -	\$ 44,561
Amortization	1,634	811	2,469	-	4,914
Write down of equipment	(15,916)	(5,845)	(27,714)	-	(49,475)
At March 31, 2016	-	-	-	-	-
Amortization	-	767	2,890	480	4,137
At March 31, 2017	\$ -	\$ 767	\$ 2,890	\$ 480	\$ 4,137
Carrying Value					
At March 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
At March 31, 2017	\$ -	\$ 6,031	\$ 11,846	\$ 3,120	\$ 20,997

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Notes to the Consolidated Financial Statements for the year ended March 31, 2017
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6. Accounts payable and accrued liabilities

	March 31, 2017	March 31, 2016
Accounts payable	\$ 146,517	\$ 325,749
Accrued liabilities	29,500	35,527
	<u>\$ 176,017</u>	<u>\$ 361,276</u>

7. Loans payable

During the year ended March 31, 2016, the Company obtained three loans totalling \$71,250 from arm's length parties bearing no interest and repayable on the earlier of the completion of the Arrangement and August 4, 2016. The loans were fully repaid in March 2016.

On March 2, 2016, the Company granted 633,331 warrants valued at \$13,958 to lenders for the loans payable exercisable at \$0.1125 until March 2, 2017.

8. Related party transactions

(a) Transactions:

Key management personnel consist of directors and senior management including the President, Executive Vice President, Chief Executive Officer, Chief Financial Officer, Vice President of Exploration, and Executive Director. The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	March 31, 2017	March 31, 2016
Consulting fees and salaries	\$ 313,600	\$ 182,000
Director fees	84,000	7,000
Finder's fees	-	67,917
Share-based payments to key management personnel	527,208	6,132
	<u>\$ 924,808</u>	<u>\$ 263,049</u>

During the year ended March 31, 2017, payments to a company with common directors and officers for office and administration costs totalled \$18,777 (2016 – 5,115).

(b) Due to related parties:

	March 31, 2017	March 31, 2016
Key management personnel or companies controlled by key management personnel	\$ 109,245	\$ 84,663
A company jointly controlled by two directors	411	5,120
	<u>\$ 109,656</u>	<u>\$ 89,783</u>

In April 2016, 440,000 common shares valued at \$74,800 were issued to settle \$55,000 of related party payables. The Company recorded a loss of \$19,800 in connection with the settlement of related party payables.

Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

(c) Other related party transactions:

As at March 31, 2017 a total of \$6,113 (2016 - \$nil) was included in prepaid expenses to related parties.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2017
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9. Share capital

(a) Authorized:

Unlimited common shares without par value.

(b) Share issuances:

Fiscal 2017 transactions:

On April 8, 2016, the Company issued 1,356,000 common shares valued at \$230,520 to settle \$169,841 in debt of which \$55,000 was due to related parties (Note 8). The Company recorded a loss on debt settlement in the amount of \$60,679.

On June 15, 2016, the Company completed a non-brokered private placement of 1,425,000 units at \$0.20 per unit for gross proceeds of \$285,000. Each unit comprises one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at a price of \$0.30 for a period of two years. The Company also issued 1,250,000 flow-through shares at \$0.20 per share for gross proceeds of \$250,000. Share issuance costs of \$750, and finder's fees of \$21,600 were paid in cash and 108,000 finder's warrants were issued valued at \$12,927. Each finder's warrant entitles the holder to purchase one common share at \$0.30 per share for a period of two years.

On August 2, 2016, the Company issued 453,331 common shares valued at \$106,533 for the October Gold property.

On February 14, 2017, the Company completed a non-brokered private placement of 4,400,000 units at \$0.15 per unit for gross proceeds of \$660,000. Each unit in the private placement comprises one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at \$0.25 for a period of two years. Share issuance costs of \$3,761, and finder's fees of \$19,604 were paid in cash and 130,695 finder's warrants were issued valued at \$10,046. Each finder's warrant entitles the holder to purchase one common share at \$0.25 per share for a period of two years.

On February 17, 2017, the Company issued 166,666 common shares valued at \$25,833 for the Hygrade Property.

During the twelve months ended March 31, 2017, the Company issued a total of 1,544,997 common shares from the exercise of warrants for gross proceeds of \$242,750. The warrants had a fair value of \$13,958 which was reclassified from reserves to share capital upon issuance.

Fiscal 2016 transactions:

On May 6, 2015, the Company issued 366,667 common shares valued at \$82,500 for the October Gold property (Note 4(b)).

On March 1, 2016, the Company completed its acquisition of Tawsho (Note 3) and issued 8,166,664 shares valued at \$0.10 per share in exchange for all the issued and outstanding shares of Tawsho. In accordance with the Arrangement, the Company issued 679,166 common shares at \$0.10 per share as finders' fees for the Arrangement.

On March 21, 2016, the Company completed a non-brokered private placement for 10,500,000 non-flow-through units and 6,500,000 flow-through shares at \$0.10 per share for gross proceeds of \$1,700,000. Each non-flow-through unit consists of one common share and one-half warrant, with each whole warrant exercisable at \$0.20 for two years. A finders' fee of \$65,040 in cash and 650,400 share purchase warrants valued at \$60,548 were paid in connection with the financing. As at March 31, 2016, \$8,300 of the gross proceeds remains receivable and is recorded as subscriptions receivable. In connection with the private placement, the Company incurred share issuance costs of \$11,842.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2017
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9. Share capital (continued)

(b) Share issuances (continued):

During the twelve months ended March 31, 2016, the Company issued 971,667 shares from the exercise of warrants for gross proceeds of \$145,750.

(c) Warrants:

Summary of warrants outstanding are as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2015	2,130,781	\$ 0.93
Granted during the year	7,979,343	0.22
Expired during the year	(44,633)	(2.25)
Exercised during the year	(971,667)	(0.15)
Balance, March 31, 2016	9,093,824	\$ 0.21
Granted during the year	3,151,198	0.26
Exercised during the year	(1,544,997)	(0.16)
Expired during the year	(1,034,312)	(0.35)
Balance, March 31, 2017	9,665,713	\$ 0.22

Details of activity in warrants for the year ended March 31, 2017 are as follows:

March 31, 2016	Granted	Exercised	Expired	March 31, 2017	Exercise Price	Expiry Date
232,167	-	-	(232,167)	-	\$ 0.20	March 26, 2017
12,223	-	-	-	12,223	\$ 0.20	April 25, 2017 ¹
59,555	-	-	-	59,555	\$ 0.20	June 6, 2017 ¹
13,926	-	-	(13,926)	-	\$ 1.35	September 24, 2016
94,777	-	-	-	94,777	\$ 0.20	September 24, 2017
205,167	-	-	-	205,167	\$ 0.20	September 27, 2017
18,333	-	-	-	18,333	\$ 0.20	October 30, 2017
311,667	-	(50,000)	(261,667)	-	\$ 0.15	January 3, 2017
166,666	-	(166,666)	-	-	\$ 0.15	January 8, 2017
633,331	-	(633,331)	-	-	\$ 0.11	March 2, 2017
5,250,000	-	(695,000)	-	4,555,000	\$ 0.20	March 21, 2018
650,400	-	-	-	650,400	\$ 0.20	March 21, 2018
526,552	-	-	(526,552)	-	\$ 0.52	April 29, 2016
735,248	-	-	-	735,248	\$ 0.22	May 11, 2017 ¹
183,812	-	-	-	183,812	\$ 0.22	June 11, 2017 ¹
-	820,500	-	-	820,500	\$ 0.30	June 15, 2018
-	2,330,698	-	-	2,330,698	\$ 0.25	February 14, 2019
9,093,824	3,151,198	(1,544,997)	(1,034,312)	9,665,713	\$ 0.22	

¹ – The warrants expired unexercised subsequent to the year-end.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2017
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9. Share capital (continued)

(c) Warrants (continued):

On March 1, 2016, the Company granted a total of 1,445,612 warrants to the Tawsho warrant holders at the exchange ratio in accordance with the Arrangement (Note 3). The warrants are exercisable for the same aggregate consideration payable.

During the year ended March 31, 2016, 44,633 warrants expired unexercised and 971,667 warrants were exercised for gross proceeds of \$145,750.

During the year ended March 31, 2017, 1,034,312 warrants expired unexercised and 1,544,997 warrants were exercised for gross proceeds of \$242,750.

The fair value of warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions:

	Year ended March 31, 2017	Year ended March 31, 2016
Average risk-free interest rate	0.66%	0.55%
Expected dividend yield	0%	0%
Expected stock price volatility	124.81%	146.09%
Average expected life in years	2.00	1.51
Average fair value per warrant issued	\$0.0962	\$0.0401

(d) Share-based payments:

The Company has a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted have a maximum exercise timeline of ten years from date of grant or such lesser period as determined by the board of directors. The exercise price of an option is not less than the closing price on the TSX Venture on the last trading day preceding the grant date. Under the plan the Company is authorized to grant stock options of up to ten percent (10%) of the number of common shares issued and outstanding. Options granted to directors, officers and consultants vest at the discretion of the board. Options granted to investor relations vest in the amount of 25% every three months from the date of grant over a period of twelve months.

On March 1, 2016 upon completion of the Arrangement, the Company replaced the Tawsho stock options outstanding by granting 383,707 stock options to holders of Tawsho stock options. There was no incremental value on the replacement of the Tawsho options.

During the year ended March 31, 2016, the Company expensed a total of \$6,132 in share-based payments on the vesting of the stock options.

On July 27, 2016, the Company granted 3,700,000 stock options with an exercise price of \$0.22 for a period of five years vesting immediately. The options had an estimated fair value of \$722,471.

On January 19, 2017, the Company granted 300,000 stock options to consultants exercisable at \$0.22 for five years, vesting immediately. The options had an estimated fair value of \$37,149.

On February 27, 2017, the Company granted 375,000 stock options to consultants exercisable at \$0.20 for five years. 275,000 stock options vest immediately, and 100,000 stock options vest over 12 months. The options had an estimated fair value of \$53,767.

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9. Share capital (continued)

(d) Share-based payments (continued):

During the year ended March 31, 2017, the Company expensed a total of \$804,002 in share-based payments on the vesting of the stock options.

Summary of stock options outstanding are as follows:

	Number of options	Weighted average exercise price
Balance, March 31, 2015	200,000	\$ 0.23
Granted	383,707	0.62
Balance, March 31, 2016	583,707	\$ 0.48
Forfeited	(383,707)	(0.62)
Granted	4,375,000	0.22
Balance, March 31, 2017	4,575,000	\$ 0.22

As at March 31, 2017, the Company has outstanding stock options exercisable as follows:

Expiry date	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
August 5, 2024	200,000	7.35	\$ 0.225	200,000
July 27, 2021	3,700,000	4.33	\$ 0.220	3,700,000
January 19, 2022	300,000	4.81	\$ 0.220	300,000
February 27, 2022	375,000	4.92	\$ 0.200	275,000
	4,575,000	4.54	\$ 0.219	4,475,000

The fair value of stock options used to calculate share-based payment cost for both employees and non-employees for the options granted is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year ended March 31, 2017	Year ended March 31, 2016
Average risk-free interest rate	0.72%	-
Expected dividend yield	0%	-
Expected stock price volatility	150.37%	-
Average expected life in years	5.00	-
Average fair value per option granted	\$0.1859	-

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10. Income taxes

- (a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2017		2016
Loss for the year	\$	(2,770,181)	\$	(856,554)
Expected income tax (recovery)	\$	(720,000)	\$	(223,000)
Permanent difference		356,000		5,000
Share issue costs		(12,000)		(20,000)
Impact of flow-through shares		(105,000)		-
Adjustment to prior years provision versus statutory tax returns and other		371,000		(3,000)
Change in unrecognized deductible temporary differences		110,000		241,000
Recovery of income taxes	\$	-	\$	-

- (b) The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2017		2016
Deferred tax assets				
Mineral property interests	\$	3,680,000	\$	3,882,000
Property and equipment		33,000		32,000
Share issue costs		24,000		31,000
Marketable securities		1,000		1,000
Non-capital losses available for future period		1,750,000		1,432,000
		5,488,000		5,378,000
Unrecognized deferred tax assets		(5,488,000)		(5,378,000)
Net deferred tax assets	\$	-	\$	-

- (c) The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2017	Expiry date range
Temporary differences			
Mineral property interests	\$	12,209,000	No expiry date
Investment tax credit		683,000	2030 to 2034
Property and equipment		128,000	No expiry date
Canadian eligible capital (CEC)		1,000	No expiry date
Share issue costs		93,000	2038 to 2041
Marketable securities		4,000	No expiry date
Non-capital losses available for future period		6,734,000	2028 to 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

As at March 31, 2017, the Company has an obligation to spend \$84,380 and \$250,000 in flow-through proceeds by March 1, 2018 and June 30, 2018 respectively.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2017
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11. Financial instruments

The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash, accounts payable and accrued liabilities and due to related parties approximate their fair values due to their short terms to maturity.

Financial instrument risk exposure and risk management:

(i) Credit risk:

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to cash and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company's cash is held through large Canadian financial institutions and receivables consist of sales tax receivable from the Government of Canada. Management believes that the credit risk related to its cash and receivables is negligible.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12 of these financial statements. As at March 31, 2017, the Company had cash of \$588,130 to settle current liabilities of \$285,673. The Company's expenditure commitments, pursuant to option agreements related to mineral properties, are disclosed in Note 4. Management believes that the Company is not significantly exposed to liquidity risk as at March 31, 2017.

(iii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest bearing financial assets are comprised of cash which bears interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

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12. Capital management

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other mineral properties.
- To invest cash in demand deposits with high credit quality issuers, thereby minimizing the risk and loss of principal.
- To obtain the necessary financing to complete exploration, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not exposed to externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maximize ongoing operations, the Company does not pay dividends. Notwithstanding the risks described in Note 1 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

13. Subsequent events

Subsequent to March 31, 2017:

- a) the Company completed a non-brokered private placement of 8,748,714 units ("Units") at \$0.14 per Unit for gross proceeds of \$1,224,820 and 17,859,000 flow-through units ("FT Units") at \$0.16 per FT Unit for gross proceeds of \$2,857,440. Each Unit consists of one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at a price of \$0.20 for a period of two years. Each FT Unit consists of one FT common share and one-half of one share purchase warrant, with each whole warrant exercisable into one non-flow-through common share at \$0.23 for a period of two years. In connection with the financing, finders' fees of \$173,008 were paid in cash. The Company also issued 200,410 finders warrants exercisable at \$0.14 per share for a period of two years, and an additional 905,940 finders warrants exercisable at \$0.16 per share for a period of two years.
- b) 990,838 warrants expired unexercised.
- c) 125,000 warrants were exercised for gross proceeds of \$25,000.
- d) the Company granted 2,525,000 stock options to directors, officers, employees and consultants exercisable at \$0.22 for five years expiring July 11, 2022.
- e) the Company granted 150,000 shares to management of the Company as a performance bonus in the 2016 financial year.