



# **MARITIME RESOURCES**

## **MARITIME RESOURCES CORP.**

### **CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the three month periods ended March 31, 2019 and 2018**

(Expressed in Canadian dollars)

(Unaudited)

#### **NOTICE TO READER OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Maritime Resources Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**STATEMENTS OF FINANCIAL POSITION**

As at		<b>March 31</b>	December 31
(Unaudited – Prepared by Management, in Canadian dollars)	<b>Note</b>	<b>2019</b>	2018
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	4	<b>955,162</b>	2,359,066
Receivables	5	<b>64,797</b>	40,953
Prepaid expenses and deposits	6	<b>31,664</b>	46,159
		<b>1,051,623</b>	2,446,178
<b>Exploration and evaluation assets</b>	7	<b>8,139,991</b>	7,740,844
<b>Right of use asset</b>	8	<b>85,376</b>	-
<b>Total Assets</b>		<b>9,276,990</b>	10,187,022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9,12	<b>263,828</b>	121,441
Flow-through premium liability	11	<b>75,413</b>	128,738
Lease liability	8	<b>86,218</b>	-
<b>Total Liabilities</b>		<b>425,459</b>	250,179
<b>Shareholders' equity</b>			
Share capital	11	<b>15,119,453</b>	15,063,535
Reserves	11	<b>2,241,983</b>	2,278,901
Royalty reserve	11	<b>210,700</b>	210,700
Deficit		<b>(8,720,605)</b>	(7,616,293)
<b>Total Shareholders' Equity</b>		<b>8,851,531</b>	9,936,843
<b>Total Liabilities and Shareholders' Equity</b>		<b>9,276,990</b>	10,187,022

Nature of operations and going concern (Note 1) and Subsequent event (Note 15).

*Approved and authorized on behalf of the Board of Directors:*

*"John P. Hayes"*  
 \_\_\_\_\_  
 Chairman

*"Mark N.J. Ashcroft"*  
 \_\_\_\_\_  
 Director

*The accompanying notes are an integral part of these condensed interim financial statements.*

**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

<b>For the three month periods ended March 31</b>		<b>2019</b>	<b>2018</b>
<b>(Unaudited – Prepared by Management, in Canadian dollars)</b>		<b>\$</b>	<b>\$</b>
	<b>Note</b>		
<b>EXPENSES</b>			
Salaries and benefits	12	<b>94,314</b>	-
Severance	12	<b>884,497</b>	-
Administration	12	<b>75,639</b>	88,500
Consulting	12	<b>28,000</b>	87,000
Professional fees		<b>27,448</b>	14,689
Directors' fees	12	<b>17,500</b>	4,500
Investor relations and promotion		<b>12,478</b>	165,147
Depreciation	8	<b>21,344</b>	-
Interest expense on lease liability	8	<b>1,998</b>	-
Financing expense, accretion and interest on loans payable	10	-	66,675
		<b>(1,163,218)</b>	(426,511)
Interest income		<b>5,581</b>	-
Recognition of flow-through premium liability	11	<b>53,325</b>	26,044
		<b>58,906</b>	26,044
<b>Loss and comprehensive loss for the period</b>		<b>(1,104,312)</b>	(400,467)
<b>Basic and diluted loss per common share</b>		<b>(0.01)</b>	(0.01)
<b>Weighted average number of common shares outstanding</b>		<b>131,973,807</b>	79,534,563

*The accompanying notes are an integral part of these condensed interim financial statements.*

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Shares	Share capital	Share subscriptions receivable	Share subscriptions received in advance	Treasury shares	Reserves	Royalty reserve	Deficit	Total
(Unaudited – Prepared by Management, in Canadian dollars)	#	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2017</b>	<b>73,103,629</b>	<b>10,202,819</b>	<b>(100,000)</b>	<b>96,920</b>	<b>(245,000)</b>	<b>1,222,944</b>	<b>210,700</b>	<b>(5,107,389)</b>	<b>6,280,994</b>
Issued for private placements (Note 11)	11,164,340	1,134,754	-	(96,920)	-	-	-	-	1,037,834
Share issuance costs (Note 11)	-	(62,660)	-	-	-	-	-	-	(62,660)
Finders' shares (Note 11)	488,480	43,963	-	-	-	-	-	-	43,963
Finders' warrants (Note 11)	-	(32,312)	-	-	-	32,312	-	-	-
Flow-through premium liability (Note 11)	-	(18,320)	-	-	-	-	-	-	(18,320)
Issued for mineral properties (Note 7,11)	150,000	16,500	-	-	-	-	-	-	16,500
Reserves transferred on expired options (Note 11)	-	-	-	-	-	(72,306)	-	72,306	-
Loss for the period	-	-	-	-	-	-	-	(400,467)	(400,467)
<b>Balance, March 31, 2018</b>	<b>84,906,449</b>	<b>11,284,744</b>	<b>(100,000)</b>	<b>-</b>	<b>(245,000)</b>	<b>1,182,950</b>	<b>210,700</b>	<b>(5,435,550)</b>	<b>6,897,844</b>
Issued for private placements (Note 11)	43,629,567	4,082,065	-	-	-	800,895	-	-	4,882,960
Share issuance costs (Note 11)	-	(257,210)	-	-	-	-	-	-	(257,210)
Finders' shares (Note 11)	2,152,791	193,751	-	-	-	-	-	-	193,751
Finders' warrants (Note 11)	-	(100,029)	-	-	-	100,029	-	-	-
Flow-through premium liability (Note 11)	-	(211,373)	-	-	-	-	-	-	(211,373)
Issued for mineral properties (Note 7,11)	765,000	66,200	-	-	-	-	-	-	66,200
Sale of treasury shares	1,500,000	-	-	-	245,000	-	-	(125,000)	120,000
Return to treasury	(1,000,000)	(100,000)	100,000	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	309,664	-	-	309,664
Warrant expiry	-	105,387	-	-	-	(105,387)	-	-	-
Reserves transferred on expired options (Note 11)	-	-	-	-	-	(9,250)	-	9,250	-
Loss for the period	-	-	-	-	-	-	-	(2,064,993)	(2,064,993)
<b>Balance, December 31, 2018</b>	<b>131,953,807</b>	<b>15,063,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,278,901</b>	<b>210,700</b>	<b>(7,616,293)</b>	<b>9,936,843</b>
Issued for mineral properties (Note 7,11)	200,000	19,000	-	-	-	-	-	-	19,000
Warrant expiry	-	36,918	-	-	-	(36,918)	-	-	-
Loss for the period	-	-	-	-	-	-	-	(1,104,312)	(1,104,312)
<b>Balance, March 31, 2019</b>	<b>132,153,807</b>	<b>15,119,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,241,983</b>	<b>210,700</b>	<b>(8,720,605)</b>	<b>8,851,531</b>

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

**STATEMENTS OF CASH FLOWS**

<b>For the three month periods ended March 31</b>	<b>2019</b>	<b>2018</b>
(Unaudited – Prepared by Management, in Canadian dollars)	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	<b>(1,104,312)</b>	(400,467)
Items not involving cash:		
Depreciation	<b>21,344</b>	-
Financing expense and interest accrued on loan	-	66,675
Flow-through premium recovery	<b>(53,325)</b>	(26,044)
Changes in non-cash working capital items:		
(Increase) decrease in receivables	<b>(23,844)</b>	149
(Increase) decrease in prepaid expenses	<b>14,495</b>	41,075
Increase (decrease) in accounts payable and accrued liabilities	<b>142,387</b>	24,439
Net cash provided by (used in) operating activities	<b>(1,003,255)</b>	(294,173)
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditures	<b>(380,147)</b>	(206,858)
Net cash provided by (used in) investing activities	<b>(380,147)</b>	(206,858)
<b>Cash flows from financing activities</b>		
Repayment of lease liability	<b>(20,502)</b>	-
Proceeds from private placements	-	1,134,754
Share subscriptions received in advance	-	(96,920)
Share issue costs	-	(62,660)
Repayment of loan	-	(500,000)
Net cash provided by (used in) financing activities	<b>(20,502)</b>	475,174
<b>Change in cash during the period</b>	<b>(1,403,904)</b>	(25,857)
<b>Cash, beginning of the period</b>	<b>2,359,066</b>	387,117
<b>Cash, end of the period</b>	<b>955,162</b>	361,260
<b>Supplemental disclosure</b>		
Cash paid for interest	<b>1,998</b>	36,712
<b>Supplemental disclosure of non-cash financial and investing activities</b>		
Recognition of right of use asset and lease liability	<b>106,720</b>	
Fair value of broker warrants and units	-	32,312
Expiry of warrants	<b>36,918</b>	-
Exploration and evaluation assets included in accounts payable	<b>116,795</b>	78,877
Flow-through share premium	-	18,320
Shares issued for property	<b>19,000</b>	16,500
Share subscriptions receivable	-	(100,000)

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



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 *(Unaudited, expressed in Canadian dollars)*

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#### 1. NATURE OF OPERATIONS AND GOING CONCERN

Maritime Resources Corp. (the “Company” or “Maritime”) was incorporated under the Business Corporations Act (British Columbia) on May 14, 2007. Maritime is an exploration stage company focused on re-starting the past producing Hammerdown Gold Mine located near the Baie Verte mining district in Newfoundland and Labrador, Canada as well as exploration on its other properties in the region.

The Company’s registered and records office is 3200 - 650 West Georgia Street, Vancouver, BC, Canada, V6B 4P7. The Company also has an office in Toronto at 1900 – 110 Yonge Street, Toronto, ON, Canada, M5C 1T4. The shares of the Company are traded on the TSX Venture Exchange (“TSX-V”) under the symbol MAE.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due, although it has been successful in raising financing in the past, there is no assurance it will be able to do so in the future. The Company estimates that it has sufficient working capital to continue as a going concern beyond one year.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

#### 2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”), on a basis consistent with accounting policies disclosed in the audited financial statements for the fiscal year ended December 31, 2018, and should be read in conjunction with the most recently issued audited financial statements, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies which were presented in Note 3 to the Financial Statements for the year ended December 31, 2018 have been consistently applied in the preparation of the Company’s interim financial statements, except as noted below under Leases.

The condensed interim financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value and have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

These financial statements were authorized for issue by the Board of Directors on May 29, 2019.



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

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### 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements were prepared using the same accounting policies and methods as those used in the Company's audited financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 Leases ("IFRS 16").

#### Leases

On January 1, 2019, the Company adopted IFRS 16 which replaced IAS 17 – *Leases* and IFRIC 4 – *Determining Whether an Arrangement Contains a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases of low-value assets and certain leases with variable lease payments.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods.

#### *New accounting policy for leases*

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are allocated between the lease liability and interest expense. Interest expense is charged to the statement of loss and comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



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### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 *(Unaudited, expressed in Canadian dollars)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

#### *Impact of adoption of IFRS 16*

The Company has applied IFRS 16 using the modified retrospective approach which requires the cumulative effect of initial application to be recognized in retained earnings at January 1, 2019. On adoption of IFRS 16, the Company recognized a lease liability for an office lease previously classified as an operating lease under IAS 17. The liability was measured at the present value of the remaining lease payments, discounted using the Company's applicable incremental borrowing rate as of January 1, 2019 of 8% and assumes Maritime will not renew the lease upon termination.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application relating to an office lease, and lease liabilities recognized in the statement of financial position at the date of initial application. On transition, the associated right-of-use asset was measured at \$106,720 being the amount equal to the lease liability.

	\$
Operating lease commitment as at December 31, 2018	112,500
Discounted using the incremental borrowing rate as of January 1, 2019	(5,780)
	<b>106,720</b>

The Company has elected not to recognize a right of use asset and lease liability for a month to month sub lease that is has for its Toronto office. This lease can be terminated without permission with no significant penalty and does not meet the definition of an enforceable contract under IFRS 16. The lease payments associated with this lease are charged directly to the statement of loss and comprehensive loss.

#### **Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in the financial statements are as follows:

*Economic recoverability and profitability of future economic benefits of exploration and evaluation assets* – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of





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permitting and environmental issues and other such factors.

*Royalty reserve* - Royalty reserve includes proceeds received from royalty units, repayable from future production. As future production is not determinable, the royalty units have been classified as capital in nature.

The most significant accounts that require estimates as the basis for determining the stated amounts include the following:

*Valuation of share-based payments, broker compensation and finders' warrants* – The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

*Income taxes* – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

#### 4. CASH AND CASH EQUIVALENTS

	March 31, 2019	December 31, 2018
	\$	\$
Cash	55,162	2,359,066
Guaranteed Investment Certificate – Fully redeemable	900,000	-
	<b>955,162</b>	<b>2,359,066</b>

#### 5. RECEIVABLES

	March 31, 2019	December 31, 2018
	\$	\$
Input sales tax recoverable	60,268	40,736
Interest receivable	4,008	-
Other receivables	521	217
	<b>64,797</b>	<b>40,953</b>

#### 6. PREPAID EXPENSE AND DEPOSITS

	March 31, 2019	December 31, 2018
	\$	\$
Prepaid expenses	8,264	13,223
Deposits	23,400	32,936
	<b>31,664</b>	<b>46,159</b>

#### 7. EXPLORATION AND EVALUATION ASSETS

##### Green Bay

Maritime Resources owns 100% of the Green Bay property, located in Newfoundland and Labrador, Canada, which hosts the past producing Hammerdown gold mine, as well as the Orion deposit and the Lochinvar deposits. The property



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is subject to a 2% net smelter return (“NSR”) royalty on future production from the property with the exception of production from the Orion deposit.

On May 16, 2018, the Company entered into a purchase agreement with Inomin Mines to acquire certain mineral claims that extend the Hammerdown, Green Bay property. Under the terms of the agreement Maritime will earn 100% interest in the Inomin property over a 3-year period by spending \$600,000 in exploration, making cash payments totaling \$300,000 and issuing 2,000,000 shares of Maritime in accordance with the following schedule:

	Cash \$	Common shares #	Minimum required exploration expenditure \$
Upon approval	25,000 (paid)	500,000 (issued)	-
September 17, 2019	50,000	500,000	75,000
September 17, 2020	100,000	500,000	150,000
September 17, 2021	125,000	500,000	375,000
	<b>300,000</b>	<b>2,000,000</b>	<b>600,000</b>

The project is subject to a 1.0 % NSR of which 100% can be purchased for \$500,000. The project also has an underlying NSR of 2.5% of which 1.5% can be purchased for \$1,000,000.

#### Whisker Valley

On February 27, 2017, the Company entered into an agreement to acquire a 100% interest in the Whisker Valley property in the Baie Verte mining district of Newfoundland and Labrador, Canada, under the following terms:

	Cash \$	Common shares #	Minimum required exploration expenditure \$
Upon approval	25,000 (paid)	100,000 (issued)	-
March 22, 2018	20,000 (paid)	150,000 (issued)	100,000 (incurred)
March 22, 2019	30,000 (paid)	200,000 (issued)	250,000 (incurred)
March 22, 2020	50,000	250,000	300,000
March 22, 2021	75,000	300,000	500,000
March 22, 2022	100,000	500,000	500,000
	<b>300,000</b>	<b>1,500,000</b>	<b>1,650,000</b>

The Company is required to make an additional payment to the optionors of \$50,000 on each of the first, second and third anniversary upon full exercise of its option having issued all of the payments and shares and incurred all of the expenditures. The property is subject to a 2.5 % NSR, of which 1% can be purchased for \$1,000,000 on or before the end of the second anniversary of commencement of commercial production.

On November 16, 2017, the Company further expanded the Whisker Valley project by entering into an agreement to acquire 100% interest in the El Strato property in Newfoundland and Labrador, Canada (contiguous to Whisker Valley), under the following terms:

	Cash \$	Common shares #
Upon approval	5,000 (paid)	250,000 (issued)
November 23, 2018	10,000 (paid)	250,000 (issued)
November 23, 2019	25,000	250,000
	<b>40,000</b>	<b>750,000</b>



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For the three month periods ended March 31, 2019 and 2018 (Unaudited, expressed in Canadian dollars)

On December 1, 2017, the Company also added to the Whisker Valley project by entering into an agreement to acquire 100% interest in the Strugglers Pond property in Newfoundland and Labrador, Canada (contiguous to Whisker Valley), under the following terms:

	Cash \$	Common shares #	Minimum required exploration expenditure \$
Upon approval	2,000 (paid)	10,000 (issued)	5,000 (incurred)
December 27, 2018	3,000 (paid)	15,000 (issued)	25,000 (incurred)
December 27, 2019	10,000	25,000	50,000
December 27, 2020	15,000	50,000	120,000
	<b>30,000</b>	<b>100,000</b>	<b>200,000</b>

Both the El Strato and Strugglers Pond properties are subject to separate 2% NSR royalties, of which 1% can be purchased for \$1,000,000 on or before the end of the second anniversary of commercial production.

#### Gull Ridge

In January 2019, the Company staked the new Gull Ridge property claims.

Expenditures incurred on the Company's 100% owned Green Bay, Whisker Valley and Gull Ridge properties, follow:

	Green Bay \$	Whisker Valley \$	Gull Ridge \$	Total \$
<b>Balance, December 31, 2017</b>	<b>6,250,856</b>	<b>218,748</b>	-	<b>6,469,604</b>
Acquisition costs – cash	25,000	48,000	-	73,000
Acquisition costs – shares	45,000	37,700	-	82,700
Exploration expenses:				
Drilling and assaying	289,772	77,842	-	367,614
Geology and engineering	473,476	146,442	-	619,918
Property	55,991	585	-	56,576
Geophysics	11,208	47,500	-	58,708
Other	13,266	9,611	-	22,877
	913,713	367,680	-	1,281,393
Less: Recoveries and grants	(10,153)	-	-	(10,153)
Net additions	903,560	367,680	-	1,271,240
<b>Balance, December 31, 2018</b>	<b>7,154,416</b>	<b>586,428</b>	-	<b>7,740,844</b>
Acquisition costs – cash	-	-	3,870	3,870
Acquisition costs – shares	-	49,000	-	49,000
Exploration expenses:				
Drilling and assaying	72,977	-	-	72,977
Geology	86,320	104,668	1,813	192,801
Property	1,350	-	-	1,350
Pre-feasibility study update	79,149	-	-	79,149
	239,796	153,668	5,683	399,147
Less: Recoveries and grants	-	-	-	-
Net additions	239,796	153,668	5,683	399,147
<b>Balance, March 31, 2019</b>	<b>7,394,212</b>	<b>740,096</b>	<b>5,683</b>	<b>8,139,991</b>



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 (Unaudited, expressed in Canadian dollars)

During the year ended December 31, 2018, the Company received \$10,153 pursuant to an application made with the Newfoundland and Labrador government in respect of the Newfoundland and Labrador Mineral Incentive Junior Exploration Assistance Program ("JEAP") grant for exploration conducted during 2017. Subsequent to the end of the period, the Company received a Newfoundland and Labrador JEAP grant of \$65,250 for exploration conducted during 2018.

#### 8. RIGHT OF USE ASSET AND LEASE LIABILITY

	Right of use asset – office lease \$
<b>Net book value – December 31, 2018</b>	-
Additions on adoption of IFRS 16 (Note 3)	106,720
Depreciation	(21,344)
<b>Net book value – March 31, 2019</b>	<b>85,376</b>
<b>At March 31, 2019</b>	
Cost	106,720
Accumulated depreciation	(21,344)
<b>Net book value</b>	<b>85,376</b>
	<b>Lease liability \$</b>
<b>Balance – December 31, 2018</b>	-
Lease liability recognized as of January 1, 2019	106,720
Lease payments during the period	(22,500)
Interest expense on lease liability	1,998
<b>Balance – March 31, 2019</b>	<b>86,218</b>

As at March 31, 2019, the Company is required to pay \$90,000 in undiscounted lease payments. These payments are due within one year.

During the period ended March 31, 2019, the Company incurred \$8,700 for an office lease not included in lease liabilities.

#### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019 \$	December 31, 2018 \$
Accounts payable	152,504	83,530
Accrued liabilities	68,803	32,500
Due to related parties (Note 12)	42,521	5,411
	<b>263,828</b>	<b>121,441</b>

#### 10. LOAN

On April 25, 2017, the Company entered into a loan arrangement ("Bridge Financing Agreement") pursuant to which it received \$500,000 and provided for a maturity date of one year (the "Maturity Date"), interest of 8% per annum and was repayable upon earliest of: the maturity date, raising \$2,000,000 or more in equity or debt financing, or committing an event of default. In connection with the Bridge Financing Agreement, the lender received a bonus of 333,333 common shares of the Company valued at \$46,667, non-transferable warrants valued at \$105,387 allowing for the



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 *(Unaudited, expressed in Canadian dollars)*

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purchase of up to, in the aggregate, 1,666,666 additional common shares of the Company at \$0.15 per share, which expired unexercised on April 26, 2018, and cash finders fees of \$30,000. The effective interest rate, including bonus shares and warrants was 44%. During the period ended March 31, 2018, the Company recorded accrued interest of \$9,315 and accretion expense of \$57,360 in the statement of loss and comprehensive loss and the loan balance accreted to \$500,000. On March 26, 2018, the loan of \$500,000 and related interest of \$36,712 was repaid.

#### 11. SHARE CAPITAL

##### Authorized

Unlimited number of common shares without par value.

##### Issued

##### **During the three month period ended March 31, 2019**

Exploration and evaluation assets (Note 7)

- The Company issued 200,000 common shares valued at \$19,000 in connection with the Whisker Valley property.

##### **During the year ended December 31, 2018**

Private Placements

- Pursuant to a private placement on November 7, 2018, the Company issued 25,460,900 non flow-through units ("November 2018 NFT Units") at \$0.11 per unit and 5,402,000 flow-through units ("November 2018 FT Units") at \$0.13 per unit, for gross proceeds of \$3,502,959.

Each FT Unit consisted of one flow-through common share of the Company and one-half of one common share purchase warrant (the "November 2018 FT Warrant"). Each whole November 2018 FT Warrant entitles the holder to purchase one common share of the Company (the "November 2018 FT Warrant Share") at a price of \$0.15 per November 2018 FT Warrant Share expiring November 7, 2020. Each November 2018 NFT Unit consisted of one non flow-through common share of the Company and one-half of one common share purchase warrant (the "November 2018 NFT Warrant"). Each whole November 2018 NFT Warrant will entitle the holder thereof to purchase one common share of the Company (the "November 2018 NFT Warrant Share") at a price of \$0.15 per November 2018 NFT Warrant Share for expiring November 7, 2020.

The flow-through shares were issued at a premium of \$108,040. Pursuant to the Company incurring eligible flow-through expenditures during the three month period ended March 31, 2019, \$32,627 was recognized into income.

In connection with this private placement, the Company issued 2,152,791 finders' units ("November 2018 Finders' Units"), valued at \$193,751. Each November 2018 Finders' Unit is comprised of one common share and one-half (1/2) of one non-transferable warrant ("November 2018 Finders' Unit Warrant"). Each whole November 2018 Finders' Unit Warrant is exercisable to purchase one common share of the Company at a price of \$0.15 per common share for a period of 24 months expiring November 7, 2020. Also in connection with this private placement, finders' fees of 2,152,791 November 2018 NFT Finders' Warrants were issued. Each November 2018 NFT Finders' Warrant entitles the holder to purchase one common share of the Company at a price of \$0.11 per November 2018 NFT Finders' Warrant Share for a period of 24 months expiring November 7, 2020.

The November 2018 Finders' Unit Warrants and the November 2018 NFT Finders' Warrants were valued at \$22,344 and \$60,365, respectively, using the Black-Scholes option pricing model with the following assumptions:



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 (Unaudited, expressed in Canadian dollars)

risk-free interest rate of 1.90%, expected life of 1.5 years, expected volatility of 72.74% and dividend yield of 0% and recorded to share issuance costs.

- Pursuant to a private placement on July 6, 2018, the Company issued 7,600,000 non flow-through units ("July 2018 NFT Units") at \$0.10 per unit and 5,166,667 flow-through units ("July 2018 FT Units") at \$0.12 per unit, for gross proceeds of \$1,380,000. Each July 2018 FT Unit consisted of one flow-through common share of the Company and one-half of one common share purchase warrant (the "July 2018 FT Warrant"). Each whole July 2018 FT Warrant entitles the holder to purchase one common share of the Company (the "July 2018 FT Warrant Share") at a price of \$0.20 per July 2018 FT Warrant Share expiring January 6, 2020.

The flow-through shares were issued at a premium of \$103,333. The Company recognized the remaining \$20,698 into income during the three month period ended March 31, 2019, following the recognition of \$82,635 in income during the year ended December 31, 2018 pursuant to the Company incurring eligible flow-through expenditures.

Each July 2018 NFT Unit consisted of one non flow-through common share of the Company and one-half of one common share purchase warrant (the "July 2018 NFT Warrant"). Each whole July 2018 NFT Warrant entitles the holder thereof to purchase one common share of the Company (the "July 2018 NFT Warrant Share") at a price of \$0.20 per July 2018 NFT Warrant Share for expiring January 6, 2020.

In connection with this private placement, finders' fees of \$30,000 were paid and 480,000 July 2018 NFT Finders' Warrants were issued. Each July 2018 NFT Finders' Warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share until January 6, 2020. The July 2018 NFT Finders' Warrants were valued at \$17,319 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.90%, expected life of 1.5 years, expected volatility of 98.47% and dividend yield of 0% and recorded to share issuance costs.

- On December 15, 2017, the Company announced a non-brokered private placement of up to \$2,000,000 through the issuance of a combination of non flow-through units ("December 2017 NFT Units") at \$0.10 per Unit and flow-through units ("December 2017 FT Units") at a price of \$0.12 per December 2017 FT Unit. Each Unit consists of one common share and one-half of one common share purchase warrant ("December 2017 Warrant"). Each whole December 2017 Warrant entitles the holder to acquire one common share of the Company at a price of \$0.20 per common share for 18 months following the closing date of the private placement (the "December 2017 NFT Warrant Share").

The December 2017 private placement closed in 4 tranches and raised gross proceeds of \$608,000 in the first tranche during the year ended December 31, 2017 and \$1,134,754 in 3 tranches in each of the January, February and March months of 2018 as follows:

Closing Date	January 11	February 15	March 21	Total
<b>Gross Proceeds</b>	\$326,920	\$277,834	\$530,000	<b>\$1,134,754</b>
<b>FT Shares Issued</b>	666,000	250,000	-	<b>916,000</b>
<b>NFT Shares Issued</b>	2,470,000	2,478,340	5,300,000	<b>10,248,340</b>
<b>Warrants Issued</b>	1,568,000	1,364,170	2,650,000	<b>5,582,170</b>
<b>Warrant Exercise Price</b>	\$0.20	\$0.20	\$0.20	
<b>Warrant Expiry Date</b>	July 11, 2019	August 15, 2019	September 21, 2019	
<b>Finders' Fees</b>				
<b>Cash</b>	-	\$8,400	\$15,000	<b>\$23,400</b>
<b>NFT Shares Issued</b>	-	488,480	-	<b>488,480</b>
<b>Warrants Issued</b>	-	824,886	350,000	<b>1,174,886</b>
<b>Exercise Price</b>	-	\$0.20	\$0.20	
<b>Expiry Date</b>	-	August 15, 2019	September 21, 2019	



## MARITIME RESOURCES

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The flow-through shares, issued in the January 11 and February 15 tranches, were issued at premiums of \$13,320 and \$5,000, respectively, and were fully recognized into income during the year ended December 31, 2018.

#### Treasury shares

On June 26, 2018, the Company received cash proceeds of \$120,000 for the sale of 1,500,000 treasury shares at \$0.08 with original cost of \$245,000, which resulted in a reversal of \$125,000 from treasury shares to deficit.

#### Exploration and evaluation assets (Note 7)

- The Company issued 150,000 common shares valued at \$16,500 in connection with the Whisker Valley property.
- The Company issued 500,000 common shares valued at \$45,000 in connection with the Inomin property.
- The Company issued 250,000 common shares, valued at \$20,000, in connection with the El Strato property.
- The Company issued 15,000 common shares, valued at \$1,200, in connection with the Struggler Pond property.

<b><i>Flow-through premium liability</i></b>	<b>\$</b>
<b>Balance – December 31, 2017</b>	<b>63,982</b>
Flow-through premium liability additions	229,693
Settlement of flow-through premium to income	(164,937)
<b>Balance – December 31, 2018</b>	<b>128,738</b>
Flow-through premium liability additions	-
Settlement of flow-through premium to income	(53,325)
<b>Balance – March 31, 2019</b>	<b>75,413</b>

#### Royalty units

During fiscal 2016 the Company issued Royalty Units with a price of \$0.01 per Royalty Unit, and, subject to written consent of the Company, may be assigned or transferred in their entirety only. The proceeds of \$210,700 received in relation to the Royalty Units has been recorded as a Royalty Reserve within Equity.

Royalty Units will return 100% of the original investment made by the purchasers and is to be paid out of production from the Company's Green Bay project ("Project"). The likelihood of the Project going into production cannot be determined at this time. Total royalties payable from the Royalty Units ("Royalty Payment") are capped at \$3,440,500 being the price for which the Equity Units (comprised of common shares and common share warrants) and Royalty Units were purchased. Royalty Payments will be made annually beginning on the first anniversary of the date of commencement of commercial production for the Project. Royalty Payments will be funded solely from 10% of annual net cash flow from the Project, with net cash flow representing net production revenues realized from the Project after deduction of all Project operating and debt servicing costs. At the option of the Company, Royalty Payments will be paid either in cash or in gold.

#### Stock options

The Company has a "rolling" stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options, subject to receipt of annual shareholder approval. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX-V, and the options may be granted for a maximum term of ten years from the date of grant. The Company records the fair value of all options



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 *(Unaudited, expressed in Canadian dollars)*

granted using the Black-Scholes model as share-based payment expense over the vesting period of the options. Vesting terms are determined by the Board of Directors.

A summary of the Company's stock options as at and during the three month period ended March 31, 2019 and year ended December 31, 2018 follows:

	March 31, 2019		December 31, 2018	
	Options Outstanding #	Weighted Average Exercise Price \$	Options Outstanding #	Weighted Average Exercise Price \$
<b>Balance, beginning of period</b>	<b>12,485,000</b>	<b>0.15</b>	8,205,000	0.17
Granted	-	-	4,805,000	0.11
Expired/cancelled	-	-	(525,000)	0.19
<b>Balance, end of period</b>	<b>12,485,000</b>	<b>0.15</b>	12,485,000	0.15

There were no share-based compensation transactions during the three month period ended March 31, 2019. During the year ended December 31, 2018, the Company granted 4,805,000 stock options to consultants, officers and employees of the Company and vested immediately. The fair value of the stock options granted as determined by the Black-Scholes pricing model was \$309,664 or \$0.06 per option and was recorded as share based payment in the statement of loss and comprehensive loss. 525,000 stock-options expired during the year ended December 31, 2018 resulting in a reversal of \$81,556 from reserves to deficit.

The Company has estimated the forfeiture rate to be nil%. Expected volatility was determined based on the historical movements in the closing price of the Company's shares for a length of time to the expected life of each option. The weighted-average assumptions used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2018 were risk-free interest rate of 2.00%; expected life of options of 5 and annualized volatility of 90.02%.

As at March 31, 2019, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Options Outstanding #	Options Exercisable #	Exercise Price \$	Weighted Average Contractual Life years	Expiry
395,000	395,000	0.28	0.41	29-May-19
100,000	100,000	0.15	0.79	15-Oct-19
1,685,000	1,685,000	0.15	1.87	13-Nov-20
2,300,000	2,300,000	0.25	2.58	29-Jul-21
200,000	200,000	0.15	3.32	26-Apr-22
500,000	500,000	0.10	3.93	04-Dec-22
2,500,000	2,500,000	0.10	3.96	15-Dec-22
4,805,000	4,805,000	0.11	4.93	6-Dec-23
<b>12,485,000</b>	<b>12,485,000</b>		<b>3.65</b>	





## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 (Unaudited, expressed in Canadian dollars)

#### Warrants

As at March 31, 2019, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
3,017,875	\$0.20	April 22, 2019
2,946,250	\$0.20	June 22, 2019
1,568,000	\$0.20	July 11, 2019
9,440,698	\$0.20	July 19, 2019
2,189,056	\$0.20	August 15, 2019
3,000,000	\$0.20	September 21, 2019
6,863,333	\$0.20	January 6, 2020
16,507,845	\$0.15	November 7, 2020
2,152,791	\$0.11	November 7, 2020
<b>47,685,848</b>		

Share purchase warrant transactions were as follows:

	March 31, 2019		December 31, 2018	
	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price
	#	\$	#	\$
Balance, beginning of period	53,192,432	0.18	23,078,073	0.20
Granted	-	-	32,281,025	0.17
Expired/cancelled	(5,506,584)	0.20	(2,166,666)	0.15
<b>Balance, end of period</b>	<b>47,685,848</b>	<b>0.18</b>	<b>53,192,432</b>	<b>0.18</b>

During the three month period ended March 31, 2019, 5,506,584 warrants expired unexercised, including the reversal of 597,833 finder warrants resulting in the reversal of \$36,918 to share capital. During the year ended December 31, 2018, the Company in connection with the private placements, issued warrants allowing for the purchase of up to, in the aggregate, 32,281,025 common shares, including warrants to finders allowing for the purchase of up to, in the aggregate, 4,726,572 common shares, which finders' warrants were valued at \$132,341.

Subsequent to the three month period ended March 31, 2019, 3,017,875 warrants expired unexercised.

#### 12. RELATED PARTY TRANSACTIONS

##### (a) Services

Effective February 1, 2019, the Company entered into a sublease for office space in Toronto, with a corporation that is related as they have directors, as well as the Chief Financial Officer and Corporate Secretary in common. The related corporation also charged Maritime for reimbursement of direct third party purchases of certain office administration services.

Effective July 1, 2014, the Company entered into arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder, pursuant to which it receives office, administrative and exploration services. The AESC ceased to be a related party of the Company effective February 1, 2019.



## MARITIME RESOURCES

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For the three month periods ended March 31 the Company was charged the following:

	2019	2018
	\$	\$
Rent	8,700	-
Office administration	788	-
Rent - AESC	8,287	24,860
Office administration - AESC	19,489	5,060
	<b>37,264</b>	<b>29,920</b>

At December 31, 2018, the Company had included in prepaids \$10,384 to AESC.

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. Compensation paid or payable to key management personnel for services rendered were as follows for the three months ended March 31:

	2019	2018
	\$	\$
Salaries	87,000	-
Consulting	24,000	87,000
Contract wages <sup>(1)</sup>	6,500	19,500
Directors' fees	17,500	4,500
Geological consulting <sup>(2)</sup>	28,200	60,600
Severances	884,497	-
	<b>1,047,697</b>	<b>171,600</b>

<sup>(1)</sup> Included in Administration in the Statement of Loss and Comprehensive Loss

<sup>(2)</sup> Included in Exploration and Evaluation Assets in the Statement of Financial Position

At March 31, 2018, the Company owed \$2,875 to the former CEO and director of the Company, \$5,872 to a former director of the Company and \$3,572 to a director of the Company, in respect of expenses incurred on behalf of the Company and included in accounts payable and accrued liabilities.

At March 31, 2019, the Company included in accounts payable and accrued liabilities \$2,500 payable to a director, \$16,647 payable to the Chief Executive Officer and director, \$2,362 payable to the Chief Financial Officer and \$10,290 payable to the VP Exploration in respect of expenses incurred on behalf of or services provided to the Company. The Company also owed \$10,721 to Aurelius Minerals Inc. in respect of rent and office administration and accrued \$17,500 of directors' fees to the members of board of directors of the Company during the first quarter of 2019.

During the three months ended March 31, 2019, the Company announced that it had made management changes. Pursuant to the management changes, the Company paid severances totalling \$884,497 to the former Chief Executive Officer (\$391,496), Chief Financial Officer (\$117,000), Chief Operating Officer (\$328,001) and Corporate Secretary (\$48,000) of the Company.

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 *(Unaudited, expressed in Canadian dollars)*

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fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. Cash is measured at fair value based on Level 1 of the fair value hierarchy. The fair values of receivables and accounts payable and accrued liabilities approximate their book carrying values because of the short-term nature of these instruments.

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables. The maximum exposure to loss arising from receivables is equal to their carrying amounts. The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(d) Interest rate risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed



## MARITIME RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018 *(Unaudited, expressed in Canadian dollars)*

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to other price risk.

There were no changes in the Company's approach to managing the above risks.

#### 14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as equity, consisting of common shares, stock options and warrants.

The Company is dependent upon external financings to fund activities. In order to carry out any exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There were no changes in the Company's capital management strategy during the period ended March 31, 2019 compared to the previous period. The Company is not subject to externally imposed capital requirements.

#### 15. SUBSEQUENT EVENT

Subsequent to the end of the period, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$6,092,500 through the issuance of a combination of units (the "Units") at a price of \$0.10 per Unit and flow-through units (the "FT Units") at a price of \$0.12 per FT Unit (the "Offering"). The Company issued a total of 56,896,662 Units and FT Units; 36,755,000 Units and 20,141,662 FT Units. Each Unit consists of one common share and one-half (1/2) of one transferable common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 per common share for a period of 24 months following the closing date of the Offering (the "NFT Warrants"). Each FT Unit consists of one common flow-through share and one half (1/2) of one transferable common share purchase warrant ("FT Warrant"). Each whole FT Warrant entitles the holder to acquire one non flow-through common share of the Company at a price of \$0.15 per common share for a period of 24 months following the closing date of the Offering (the "FT Warrants").

The Company has agreed to pay aggregate finders' and advisory fees of 7% in cash or units of the gross sales of Units and FT Units and issued 7% finders' warrants of the number of Units and FT Units sold by certain brokers in the Offering. The finders' and advisory fees amounted to an aggregate of \$412,909 and 3,863,294 finders' warrants, including \$156,532 and 1,563,273 finders' warrants to Dundee Goodman Merchant Partners, a division of Goodman & Company, Investment Counsel Inc. As an advisor, Sprott Capital Partners LP received \$156,532 and 1,563,273 finders' warrants, and for certain orders, received finders' fees in the aggregate of \$11,995, for services related to its engagement.